

**PAROCHIAL EMPLOYEES'  
RETIREMENT SYSTEM**

ACTUARIAL VALUATION AS OF  
DECEMBER 31, 2011

# G. S. CURRAN & COMPANY, LTD.

Actuarial Services

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June 1, 2012

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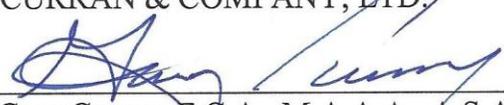
Ladies and Gentlemen:

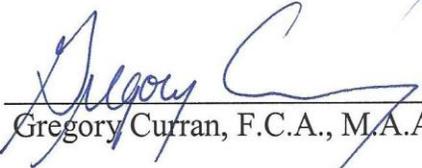
We are pleased to present our report on the actuarial valuation of the Parochial Employees' Retirement System for the fiscal year ending December 31, 2011. Our report is based on the actuarial assumptions specified and relies on the data supplied by the system's administrators and accountants. The primary purpose of the report is to determine the actuarially required contribution for Plan A and Plan B for the fiscal year ending December 31, 2012. In addition, this report recommends minimum employer contribution rates for fiscal 2013, and provides information required for the system's financial statements. This report was prepared exclusively for the Parochial Employees' Retirement System and its auditors for specific limited purposes and may not be applicable for other purposes. It is not for the use or benefit of any third party for any purpose.

This report has been prepared in accordance with generally accepted actuarial principles and practices; and to the best of our knowledge and belief fairly reflects the actuarial present values and costs stated herein. The undersigned actuaries are members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. If we can be of further assistance in amplifying any of the information contained herein, please let us know.

Sincerely,

G. S. CURRAN & COMPANY, LTD.

By:   
Gary Curran, F.C.A., M.A.A.A., A.S.A.

By:   
Gregory Curran, F.C.A., M.A.A.A., A.S.A.

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**SUMMARY OF VALUATION RESULTS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM - PLAN A**

Valuation Date:	December 31, 2011	December 31, 2010
Census Summary:		
Active Members	14,646	14,791
Retired Members and Survivors	5,718	5,531
Terminated Due a Deferred Benefit	561	556
Terminated Due a Refund	6,795	6,762
Payroll:	\$ 552,543,155	\$ 546,737,427
Benefits in Payment:	\$ 104,683,495	\$ 97,650,642
Market Value of Assets:	\$ 2,230,462,425	\$ 2,225,041,407
Frozen Unfunded Actuarial Accrued Liability:	\$ 36,903,336	\$ 45,756,457
Actuarial Asset Value (AVA):	\$ 2,344,047,017	\$ 2,259,207,052

Ratio Of Net AVA To GASB-25 Accrued Liability:	98.45%	98.01%
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	2012	2011
Employers' Normal Cost (January 1):	\$ 84,963,956	\$ 78,230,326
Amortization Cost (January 1):	\$ 11,884,883	\$ 11,427,772
Interest Adjusted Actuarially Required Contributions Including Estimated Administrative Costs:	\$ 101,554,138	\$ 94,101,077
Projected Ad Valorem and Revenue Sharing	\$ 6,214,184	\$ 5,960,476
Actuarially Required Net Direct Employer Contributions	\$ 95,339,954	\$ 88,140,601
Actuarially Required Net Direct Employer Contribution Rate	16.72%	15.58%
Actual Net Direct Employer Contribution Rate:	15.75%	15.75%

\*\*\*\*\*

**Minimum Net Direct Employer Contribution Rate: For Fiscal 2013: 16.75% For Fiscal 2012 15.50%**

Employee Contribution Rate: 9.50% of Payroll

Actuarial Cost Method: Frozen Attained Age Normal Actuarial Cost Method

Valuation Interest Rate: 7.50% (Net of Investment Expense)

Census Exclusions: All individuals submitted by the system were included in the valuation.

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of assets adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a corridor limit of 85% to 115% of the market value of assets. If the smoothed value lies outside of the corridor limit the actuarial value is determined by averaging the smoothed value with the corridor limit.

Changes in Valuation Methods, Assumptions, and Amortization Periods: None

Method of Recognizing Gains and Losses: Under the Frozen Attained Age Normal Method, actuarial gains and losses are spread over future normal costs.

**SUMMARY OF VALUATION RESULTS  
PAROCHIAL EMPLOYEES' RETIREMENT SYSTEM - PLAN B**

Valuation Date:	December 31, 2011	December 31, 2010
Census Summary:		
Active Members	2,303	2,313
Retired Members	611	576
Terminated Due a Deferred Benefit	129	125
Terminated Due a Refund	1,471	1,430
Payroll:	\$ 84,237,202	\$ 81,999,193
Benefits In Payment:	\$ 5,746,033	\$ 5,349,314
Market Value of Assets:	\$ 165,603,549	\$ 161,776,161
Unfunded Actuarial Accrued Liability:	N/A	N/A
Actuarial Asset Value:	\$ 173,354,490	\$ 163,075,793

Funded Ratio (GASB 50)	87.13%	87.62%
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	2012	2011
Employers' Normal Cost (January 1):	\$ 8,584,382	\$ 8,123,995
Amortization Cost (January 1):	N/A	N/A
Interest Adjusted Actuarially Required Contributions Including Estimated Administrative Costs:	\$ 9,074,142	\$ 8,594,351
Projected Ad Valorem and Revenue Sharing	\$ 947,375	\$ 893,947
Actuarially Required Net Direct Employer Contributions	\$ 8,126,767	\$ 7,700,404
Actuarially Required Net Direct Employer Contribution Rate	9.31%	9.07%
Actual Net Direct Employer Contribution Rate:	10.00%	10.00%

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**Minimum Net Direct Employer Contribution Rate: For Fiscal 2013: 9.25% For Fiscal 2012: 9.00%**

Employee Contribution Rate: 3.00% of salary

Actuarial Cost Method: Aggregate Actuarial Cost Method

Valuation Interest Rate: 7.50% (Net of Investment Expense)

Census Exclusions: All individuals submitted by the system were included in the valuation.

Basis of Actuarial Asset Value: The actuarial value of assets is based on the market value of assets adjusted to average in asset earnings above or below the assumed rate of return over a five-year period subject to a corridor limit of 85% to 115% of the market value of assets. If the smoothed value lies outside of the corridor limit the actuarial value is determined by averaging the smoothed value with the corridor limit

Changes in Valuation Methods, Assumptions, and Amortization Periods: None

Method of Recognizing Gains and Losses: Under the Aggregate Actuarial Cost Method, actuarial gains and losses are spread over future normal costs.

## COMMENTS ON DATA

For the valuation, the administrative director of the system furnished a census on magnetic diskette derived from the system's master data processing file indicating each active covered employee's sex, date of birth, service credit, annual salary, and accumulated contributions. Information on retirees detailing dates of birth of retirees and beneficiaries, as well as option categories and benefit amounts, was provided in like manner. In addition, data was supplied on former employees who are vested or who have contributions remaining on deposit. As illustrated in Exhibit X, there are 14,646 active members in Plan A, of whom, 7,370 members, including 671 participants in the Deferred Retirement Option Plan (DROP), have vested retirement benefits; 5,718 former members of Plan A or their beneficiaries are receiving retirement benefits. An additional 7,356 former members of Plan A have contributions remaining on deposit with the system. This includes 561 former members who have vested rights or have filed reciprocal agreements for future retirement benefits. Census data on members of Plan B may be found in Exhibit XXI. There are 2,303 active members in Plan B, of whom, 1,063 members, including 42 DROP participants, have vested retirement benefits; 611 former members of Plan B or their beneficiaries are receiving retirement benefits. An additional, 1,600 former members of Plan B have contributions remaining on deposit with the system. Of this number, 129 have vested rights or have filed reciprocal agreements for future retirement benefits. All individuals submitted were included in the valuation.

Census data submitted to our office is tested for errors. Several types of census data errors are possible; to ensure that the valuation results are as accurate as possible, a significant effort is made to identify and correct these errors. In order to minimize coverage errors (i.e., missing or duplicated individual records) the records are checked for duplicates, and a comparison of the current year's records to those submitted in prior years is made. Changes in status, new records, and previous records, which have no corresponding current record are identified. This portion of the review indicates the annual flow of members from one status to another and is used to check some of the actuarial assumptions, such as retirement rates, rates of withdrawal, and mortality. In addition, the census is checked for reasonableness in several areas, such as age, service, salary, and current benefits. The records identified by this review as questionable are checked against data from prior valuations; those not recently verified are included in a detailed list of items sent to the system's administrator for verification and/or correction. Once the identified data has been researched and verified or corrected, it is returned to us for use in the valuation. Occasionally some requested information is either unavailable or impractical to obtain. In such cases, values may be assigned to missing data. The assigned values are based on information from similar records or based on information implied from other data in the record.

In addition to the statistical information provided on the system's participants, the system's administrative director furnished general information related to other aspects of the system's expenses, benefits and funding. Valuation asset values as well as income and expenses for the fiscal year were based on information furnished by the system's auditor, the firm of Duplantier, Hrapmann, Hogan & Maher, L.L.P. As indicated in the system's audit report, the net market value of Plan A's assets was \$2,230,462,425 as of December 31, 2011. For Plan A, the net investment income for fiscal 2011 measured on a market value basis amounted to a loss of \$14,740,500. Contributions to Plan A for the fiscal year totaled \$144,791,676; benefits and expenses amounted to \$124,630,158.

The net market value of Plan B's assets was \$165,603,549 as of December 31, 2011. For Plan B, the net investment loss for fiscal 2011 measured on a market value basis amounted to \$1,071,814. Contributions to Plan B for the fiscal year totaled \$11,826,090; benefits and expenses amounted to \$6,926,888.

Notwithstanding our efforts to review both census and financial data for apparent errors, we must rely upon the system's administrative staff and accountants to provide accurate information. Our review of submitted information is limited to validation of reasonableness and consistency. Verification of submitted data to source information is beyond the scope of our efforts.

## **COMMENTS ON ACTUARIAL METHODS AND ASSUMPTIONS**

This valuation of Plan A is based on the Frozen Attained Age Normal actuarial cost method with the unfunded accrued liability frozen as of December 31, 1989. Under the provisions of Louisiana R.S. 11:103 the unfunded accrued liability for Plan A, which was determined to be \$110,022,497 as of December 31, 1989, was amortized over forty years with payments increasing at 4% per year. In Plan A, payroll growth in excess of 4% per year will reduce future amortization payments as a percentage of payroll; payroll growth below 4% per year will increase amortization payments as a percentage of payroll. Plan B is funded utilizing the Aggregate Actuarial Funding Method. This method does not develop an unfunded actuarial liability. Under the Frozen Attained Age Normal Cost Method and the Aggregate Cost Method, actuarial gains and losses are spread over future normal costs. Thus, favorable plan experience will lower future normal costs; unfavorable experience will cause future normal costs to increase. In both plans, benefit and assumption changes are spread over future normal costs. Under the provisions of R.S. 11:105, the Board of Trustees froze the employer contribution rate in Plan A for fiscal 2008 and several other fiscal years prior to that. As prescribed in R.S. 11:105, excess funds if any, generated by these freezes of the employer contribution rate (prior to fiscal 2008) were allocated to reduce the frozen unfunded accrued liability. As a result, the current frozen unfunded accrued liability will be fully amortized no later than December 31, 2015. Effective with fiscal 2008, for both Plans A and B, any excess funds collected pursuant to R. S. 11:105 or R. S. 11:107 are allocated to the Funding Deposit Account. The credit balance as of the end of the prior fiscal year in the Funding Deposit Account for Plans A and B was \$27,231,818 and \$334,656, respectively. Both accounts were increased with interest at 7.50% for the year. Despite a freeze in the employer contribution rate for fiscal 2011 in Plan A, no excess contributions were generated. Therefore, no additional contributions were added to the Funding Deposit Account for Plan A for fiscal 2011. A freeze in the employer contribution rate in Plan B for fiscal 2011 resulted in a contribution gain of \$653,112 as of December 31, 2011. When interest and additional contributions were added to the Funding Deposit Accounts, the resulting balance as of December 31, 2011 for Plans A and B were \$29,274,204 and \$1,012,867, respectively.

The actuarial assumptions utilized for the report are outlined on pages 61 – 66. In the aggregate the assumptions represent our "best estimate" of future long-term experience for the fund. All calculations, recommendations, and conclusions are based on the assumptions specified. To the extent that prospective experience differs from that assumed, adjustments will be required to future contribution levels. Such differences will be revealed in future actuarial valuations.

## CHANGES IN PLAN PROVISIONS

The following changes in plan provisions were enacted during the 2011 Regular Session of the Louisiana Legislature:

**Act 354** changed the provisions related to survivor benefits to stipulate that if a member dies while in military service on or after January 1, 2007, under certain circumstances, he will be considered an active employee who died after returning to active employment for purposes of eligibility for survivor benefits. The military service will be considered service credit for the purpose of calculating eligibility for benefits, but will not count as creditable service when calculating the member's accrued benefit.

**Act 377** excludes from earnable compensation for any member of a state or statewide retirement system who was elected for a term commencing July 1, 2011 or later, and who is employed in another position of public office or employment, any compensation earned from legislative service.

## ASSET EXPERIENCE

The actuarial and market rates of return for the past ten years are given below. These rates of return on assets were determined by assuming a uniform distribution of income and expense throughout the fiscal year.

<u>Plan A</u>	<u>Market Value</u>	<u>Actuarial Value</u>
2002	-2.7%	-1.2%
2003	15.6%	3.4%
2004	10.2%	6.9%
2005	6.3%	11.1%
2006	12.8%	11.3%
2007	7.9%	* 17.1%
2008	-25.7%	** -4.9%
2009	20.6%	9.1%
2010	15.2%	4.4%
2011	-0.7%	2.9%

<u>Plan B</u>	<u>Market Value</u>	<u>Actuarial Value</u>
2002	0.0%	0.5%
2003	15.9%	5.9%
2004	9.6%	8.5%
2005	5.1%	10.6%
2006	11.6%	9.8%
2007	7.7%	* 13.4%
2008	-25.0%	** -5.2%
2009	20.7%	8.8%
2010	15.4%	4.6%
2011	-0.7%	3.2%

\* Includes effect of change in asset valuation method. Effective with the 2007 valuation the method was changed from smoothing capital gains and losses over 3 years to smoothing investment earnings above or below the assumed rate of return over a five year period with a +/- 10% of market value corridor limit.

\*\* Includes effects of change in asset valuation method. Effective with the 2008 valuation the corridor limits on the smoothed value were changed from +/- 10% of market value to +/- 15% with smoothed values averaged with corridor limits when they fall outside the corridor limits.

The market rate of return gives a measure of investment return on a total return basis and includes realized and unrealized capital gains and losses as well as interest income. This rate of return gives an indication of performance for an actively managed portfolio where securities are bought and sold with the objective of producing the highest total rate of return. During 2011, Plan A earned \$51,346,545 and Plan B earned \$2,009,624 of dividends, interest and other recurring income. In addition, Plan A had net realized and unrealized capital losses on investments of \$57,416,358 while the total of such losses for Plan B amounted to \$2,422,000. Investment expenses were \$8,670,687 for Plan A and \$659,438 for Plan B. The geometric mean of the market value rates of return measured over the last ten years was 5.1% for Plan A and 5.2% for Plan B. For the last twenty years, the geometric mean returns were 7.2% for Plan A and 6.9% for Plan B.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 7.5% used for the valuation. This rate is calculated based on the smoothed value of assets subject to constraints as given in Exhibit VI for Plan A and Exhibit XVII for Plan B. Investment income used to calculate this yield is based upon a smoothing of investment income above or below the valuation interest rate. The difference between rates of return on an actuarial and market value basis results from the smoothing utilized. Yields in excess of the 7.5% assumption will reduce future costs; yields below 7.5% will increase future costs. Net actuarial investment earnings were less than the actuarial assumed earnings rate of 7.5%, used for fiscal 2011, by \$105,504,471 for Plan A and \$7,031,588 for Plan B. These earnings shortfalls produced actuarial losses, which increased the normal cost accrual rate by 2.3843% for Plan A and 1.0798% for Plan B.

## **PLAN A – DEMOGRAPHICS AND LIABILITY EXPERIENCE**

A reconciliation of the census for the plan is given in Exhibit X. The average active member is 46 years old with 9.94 years of service and an annual salary of \$37,727. The plan's active membership, inclusive of DROP participants, decreased by 145 members during the fiscal year. The plan has experienced an increase in the active plan population of 1,402 members over the last five years. A review of the active census by age indicates that over the last ten years the population under age fifty has decreased while the proportion of active members age fifty-one to seventy increased. Over the same ten-year period the plan showed a fairly stable distribution among the various service groups. The average regular retiree is 71 years old with a monthly benefit of \$1,704. The number of retirees and beneficiaries receiving benefits from the system increased by 187 during the fiscal year; over the last five years the number of retirees has increased by 740.

Plan liability experience for fiscal 2011 was favorable. Retirements and disabilities were below projected levels; retiree deaths were above those projected. In addition, salary increases were significantly below projected levels. All of these factors tend to reduce costs. However, these factors were partially offset by withdrawals below projected levels and DROP entries above projected levels. Plan liability gains decreased the normal cost accrual rate by 0.8029%.

## **PLAN B – DEMOGRAPHICS AND LIABILITY EXPERIENCE**

A reconciliation of the census for the plan is given in Exhibit XXI. The average active member is 46 years old with 9.02 years of service and an annual salary of \$36,577. The plan's active membership, inclusive of DROP participants, decreased by 10 members during the fiscal year. The plan has experienced an increase in the active plan population of 313 members over the last five years. A review of the active census by age indicates that over the last ten years the population in the under fifty age group has decreased while the proportion of active members age fifty-one and over increased. Over the same ten-year period the plan showed a fairly stable distribution of the various service groups with a slight increase in active membership with more than 20 years of service. The average regular retiree is 73 years old with a monthly benefit of \$838. The number of retirees and beneficiaries receiving benefits from the system increased by 35 during the fiscal year; over the last five years the number of retirees has increased by 103.

Plan liability experience for fiscal 2011 was favorable. Retirements, disabilities, and DROP entries were below projected levels. In addition, salary increases were significantly below projected levels. All of these factors tend to reduce costs. However, these factors were partially offset by withdrawals below projected levels, and retiree deaths below projections. Plan liability gains decreased the normal cost accrual rate by 0.4134%.

## **FUNDING ANALYSIS AND RECOMMENDATIONS**

Actuarial funding of a retirement system is a process whereby funds are accumulated over the working lifetimes of employees in such a manner as to have sufficient assets available at retirement to pay for the lifetime benefits accrued by each member of the system. The required contributions are determined by an actuarial valuation based on rates of mortality, termination, disability, and retirement, as well as investment return and other statistical measures specific to the particular group. Each year a determination is made of two cost components, and the actuarially required contributions are based on the sum of these two components plus administrative expenses. These two components are the normal cost and the amortization payment on the unfunded actuarial accrued liability. The normal cost refers to the portion of annual cost based on the salary of active participants. The term unfunded accrued liability (UAL) refers to the excess of the present value of plan benefits over the sum of current assets and future normal costs. Each year the UAL grows with interest and is reduced by payments. Under the funding method used for both plans, changes in plan experience, benefits, or assumptions do not affect the unfunded actuarial accrued liability. These items increase or decrease future normal costs.

In order to establish the actuarially required contribution in any given year, it is necessary to define the assumptions, funding method, and method of amortizing the UAL. Thus, the determination of what contribution is actuarially required depends upon the funding method and amortization schedules employed. Regardless of the method selected, the ultimate cost of providing benefits is dependent upon the benefits, expenses, and investment earnings. Only to the extent that some methods accumulate assets more rapidly and thus produce greater investment earnings does the funding method affect the ultimate cost.

Liability and asset experience as well as changes in assumptions and benefits can increase or decrease plan costs. In addition to these factors, any COLA granted in the prior fiscal year would increase required contributions. New entrants to the system can also increase or decrease costs as a percent of payroll depending upon their demographic distribution and other factors related to prior plan experience. Finally, contributions above or below requirements may reduce or increase future costs.

Under the provisions of R.S. 11:103, excess or deficient contributions typically decrease or increase future normal costs. However, if the minimum net direct employer contribution is scheduled to decrease, the board may maintain the contribution rate at some level above the minimum recommended rate. Pursuant to R. S. 11:105 and R. S. 11:107, such excess contributions are credited to the Funding Deposit Account.

The effects of various factors on the cost structure for Plan A are outlined below:

Employer's Normal Cost Accrual Rate – Fiscal 2011	15.2456%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Loss	2.3843%
Contribution Loss	0.0211%
Factors Decreasing the Normal Cost Accrual Rate:	
Plan Liability Experience	0.8029%
New Members	0.4682%
Employer's Normal Cost Accrual Rate – Fiscal 2012	16.3798%

In addition to the above changes in the plan normal cost rate, payroll growth affects plan costs to the extent that payments on the system's unfunded liability are on a schedule that varies from actual trends in payroll growth or decline. If payroll changes at rates not consistent with the amortization schedule the result will be costs that change as a percentage of payroll. For fiscal 2012, the net effect of the change in payroll on amortization costs was to increase such costs by 0.07% of payroll for Plan A. Required net direct employer contributions are also affected by the available ad valorem taxes and revenue sharing funds which the system receives each year. When these funds change as a percentage of payroll, net direct employer contributions are adjusted accordingly. We estimate that for Plan A these funds collected in fiscal 2012 will increase by 0.04% of payroll.

For Plan A, the derivation of the actuarially required contribution for the current fiscal year is given in Exhibit I. The normal cost for fiscal 2012 as of January 1, 2012 is \$84,963,956. The amortization payment on the plan's frozen unfunded actuarial accrued liability is \$11,884,883 as of January 1, 2012. The total actuarially required contribution is determined by adjusting these two values for interest (since payments are made throughout the fiscal year) and adding estimated administrative expenses. As given on line 15 of Exhibit I the total actuarially required contribution for fiscal 2012 is \$101,554,138. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' net direct actuarially required contribution for fiscal 2012 is \$95,339,954. This is 16.72% of the projected Plan A payroll for fiscal 2012. After rounding this result to the nearest 0.25% as required by the statutes we recommend a minimum net direct employer contribution rate of 16.75% for fiscal 2013.

The effects of various factors on the cost structure for Plan B are outlined below:

Employer's Normal Cost Accrual Rate – Fiscal 2011	10.7116%
Factors Increasing the Normal Cost Accrual Rate:	
Asset Experience	1.0798%
Factors Decreasing the Normal Cost Accrual Rate:	
Plan Liability Experience	0.4134%
New Members	0.3289%
Employer's Normal Cost Accrual Rate – Fiscal 2012	11.0491%

In Plan B we estimate that the projected tax contribution as a percentage of payroll will increase by 0.04% of projected payroll. Since Plan B is funded under the Aggregate Actuarial Cost Method, the plan has no unfunded accrued liability. The normal cost for fiscal 2012 as of January 1, 2012 is \$8,584,382. The interest adjusted actuarial and administrative cost for fiscal 2011 is given on line 12 of Exhibit XII as \$9,074,142. When this amount is reduced by projected tax contributions and revenue sharing funds, the resulting employers' minimum net direct actuarially required contribution is \$8,126,767. This is 9.31% of projected payroll for fiscal 2012. After giving consideration to the rounding requirements in the statute, we recommend a minimum net direct employer contribution rate of 9.25% of payroll for fiscal 2013 for Plan B.

For Plan B, the board may set the rate at any rate between 9.25% and 10.00%. Should the net direct employer contribution rate be set at a level above the minimum rate under R.S. 11:107, the resulting additional contributions paid by the employers, if they exceed any potential contribution losses, would be added to the Funding Deposit Account.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions, changes in economic or demographic assumptions, completion of amortization payments or credit schedules, and changes in plan provisions or applicable law. Analysis of the effect of all these factors is beyond the scope of this report.

We have, however, calculated the sensitivity of the plans' costs to two factors. First, based on current assets and demographics, for each percentage under (over) performance of the return on the actuarial value of assets, there will be a corresponding increase (reduction) in the normal cost accrual rate of 0.53% for Plan A and 0.27% for Plan B. We have also determined that a 1% reduction in the valuation interest rate for Plan A would increase the actuarially required contribution rate for fiscal 2012 by 8.95%; for Plan B the increase would be 5.27%.

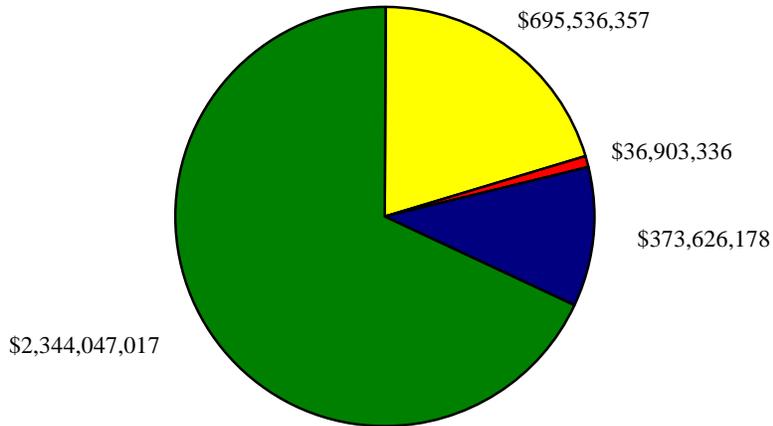
## **COST OF LIVING INCREASES**

During calendar 2011 the actual cost of living (as measured by the US Department of Labor CPI-U) increased by 2.96%. Cost of living provisions for the system are detailed in R.S. 11:1937 and R.S. 11:246. The former statute allows the board to use interest earnings in excess of the normal requirements to grant annual cost of living increases of 2.50% of the current benefit to retirees aged 62 or over, who have been retired at least one year. R.S. 11:246 provides cost of living increases to

retirees and beneficiaries over the age of 65 equal to 2% of the benefit in payment on October 1, 1977, or the date the benefit was originally received if retirement commenced after that date. R.S. 11:241 provides that cost of living benefits shall be in the form (unless the board otherwise specifies) of  $\$X \times (A+B)$  where X is at most \$1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree to December 31<sup>st</sup> of the initial year of such increase. The provisions of this subpart do not repeal provisions relative to cost of living adjustments contained within the individual laws governing systems; however, they are to be controlling in cases of conflict.

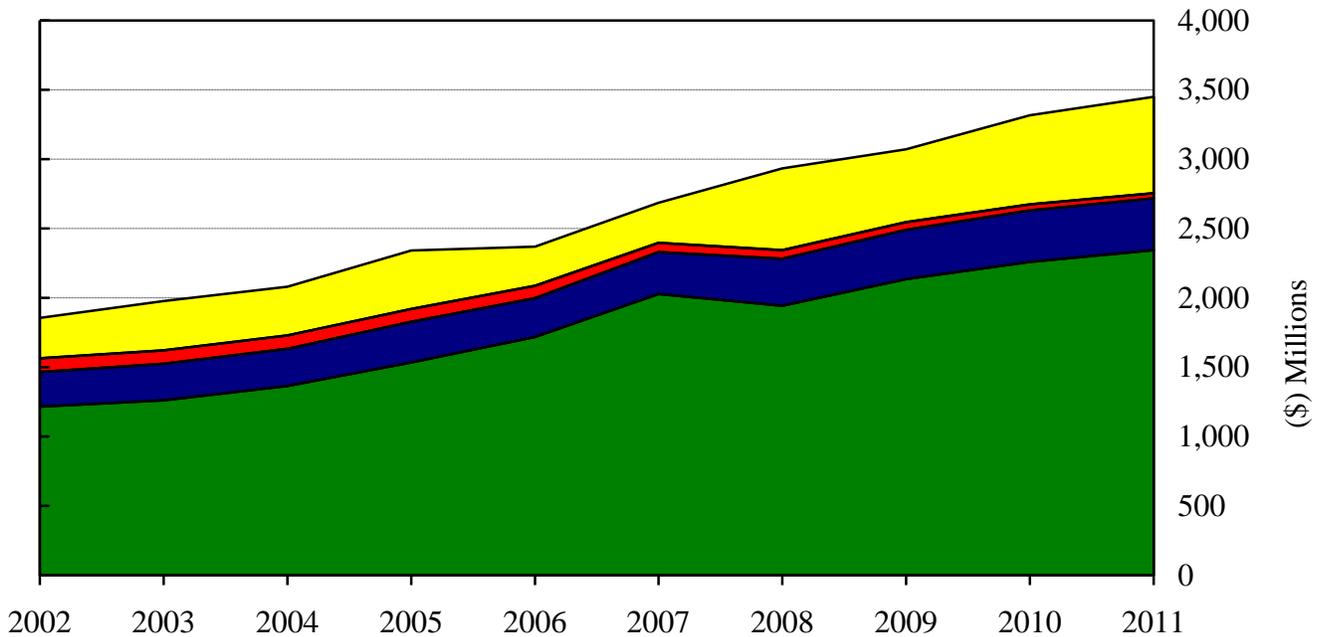
All of the above provisions require that the system earn sufficient excess interest earnings to fund the increases. In addition, the ratio of the plan's assets to benefit obligations must meet the criteria established in R.S. 11:242. This section sets forth a minimum "target ratio" of the actuarial value of assets to the Pension Benefit Obligation. We have determined that for fiscal 2011, neither Plan A or Plan B has met the necessary target ratio nor earned sufficient excess interest to provide a cost of living increase to its retirees.

## Plan A - Components of Present Value of Future Benefits December 31, 2011



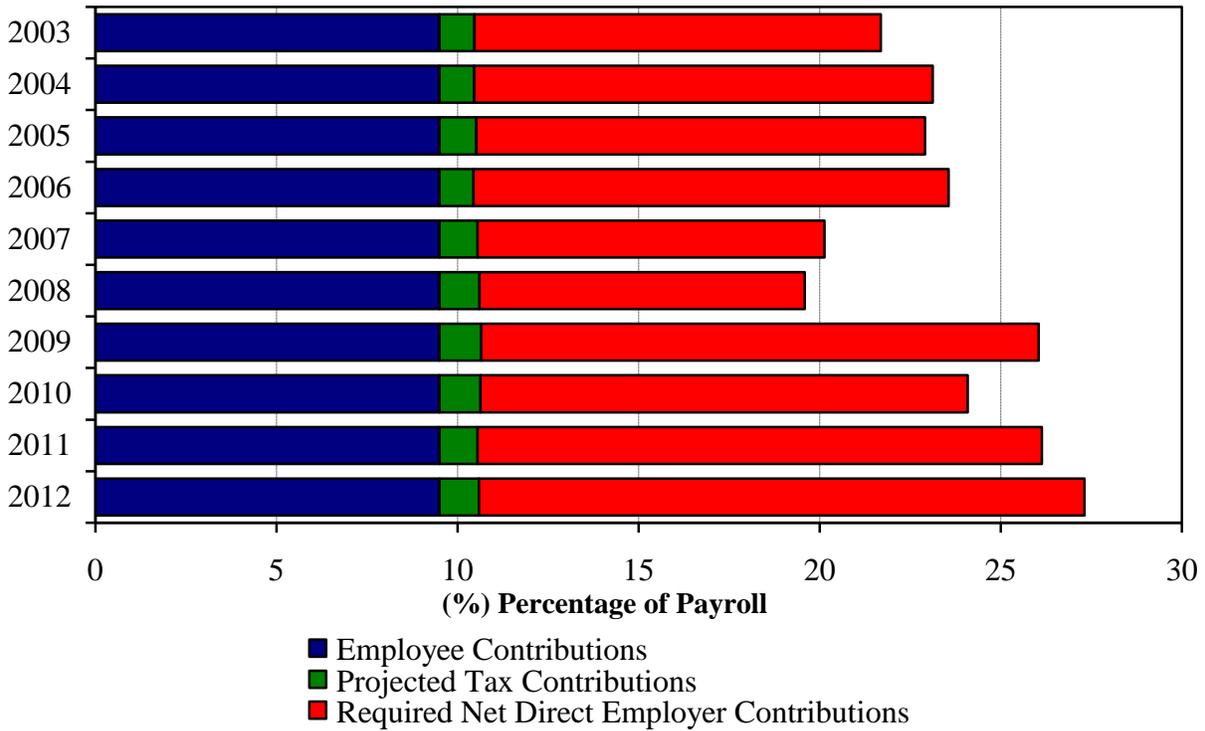
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan A - Components of Present Value of Future Benefits



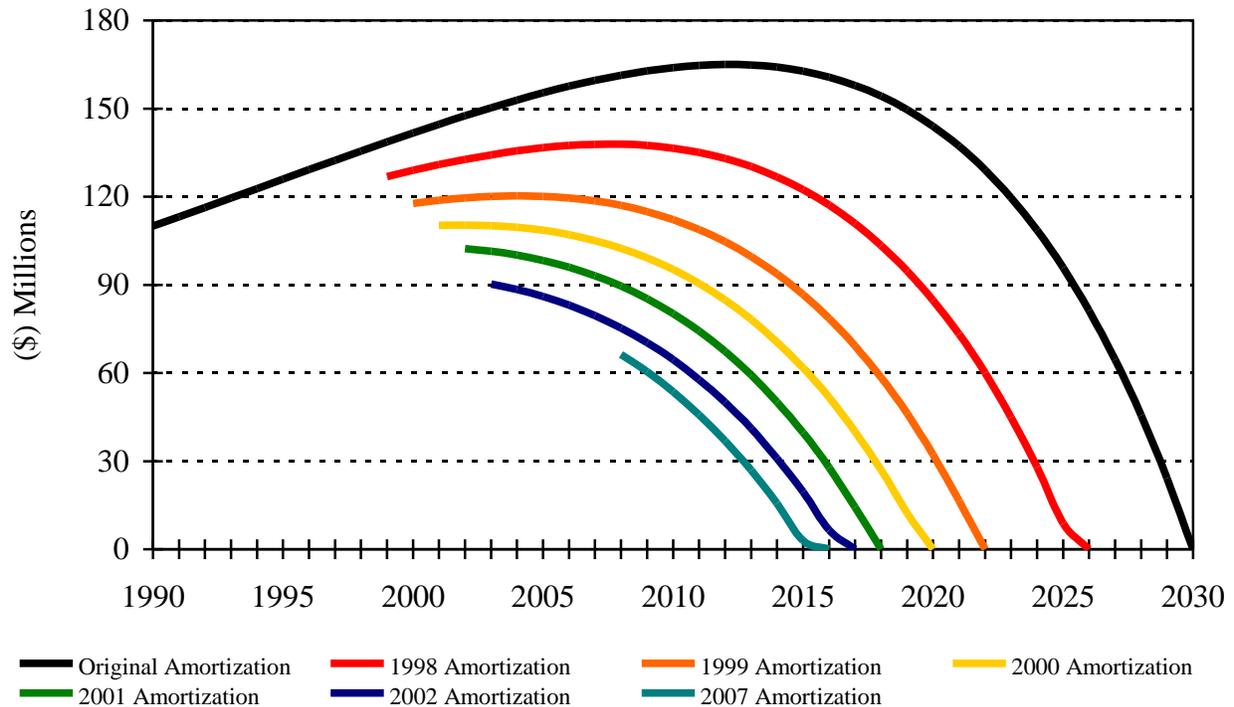
- Present Value of Future Employer Normal Cost (Net of Funding Deposit Account)
- Unfunded Accrued Liability
- Present Value of Future Employee Contributions
- Actuarial Value of Assets

## Plan A - Components of Actuarial Funding

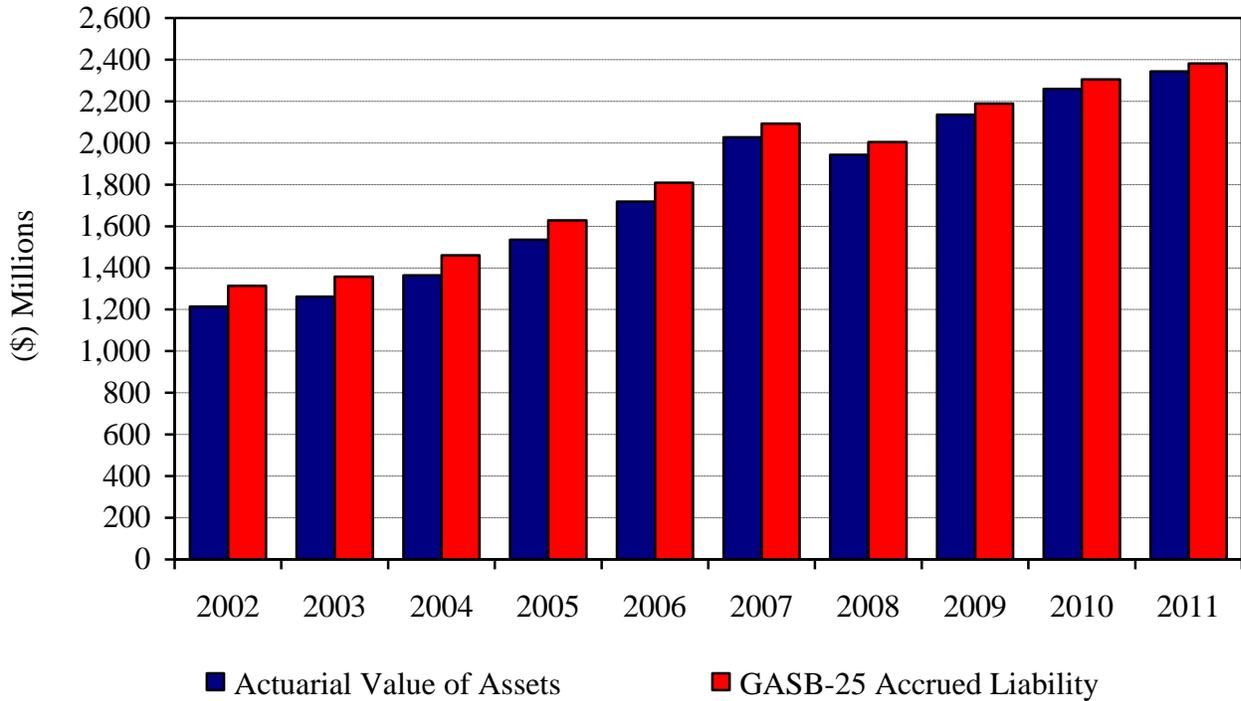


Projected Tax Contributions consist of Projected Ad Valorem and Revenue Sharing Funds as a percent of payroll

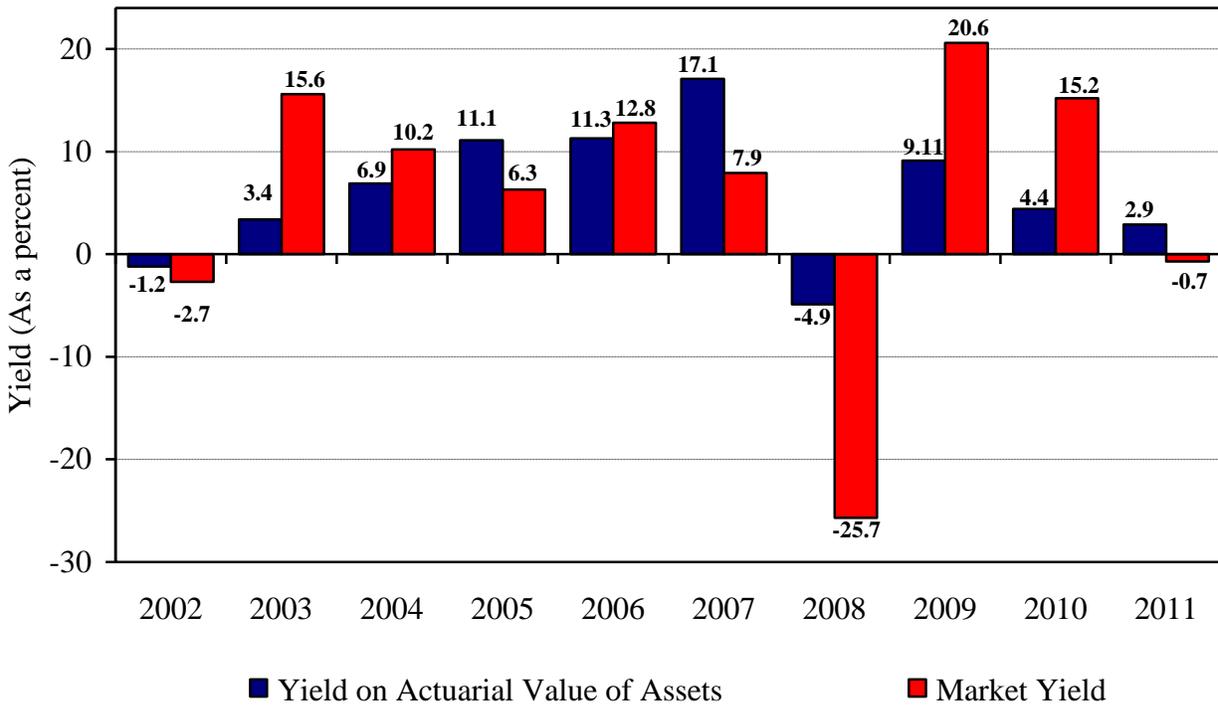
## Plan A – Frozen Unfunded Accrued Liability



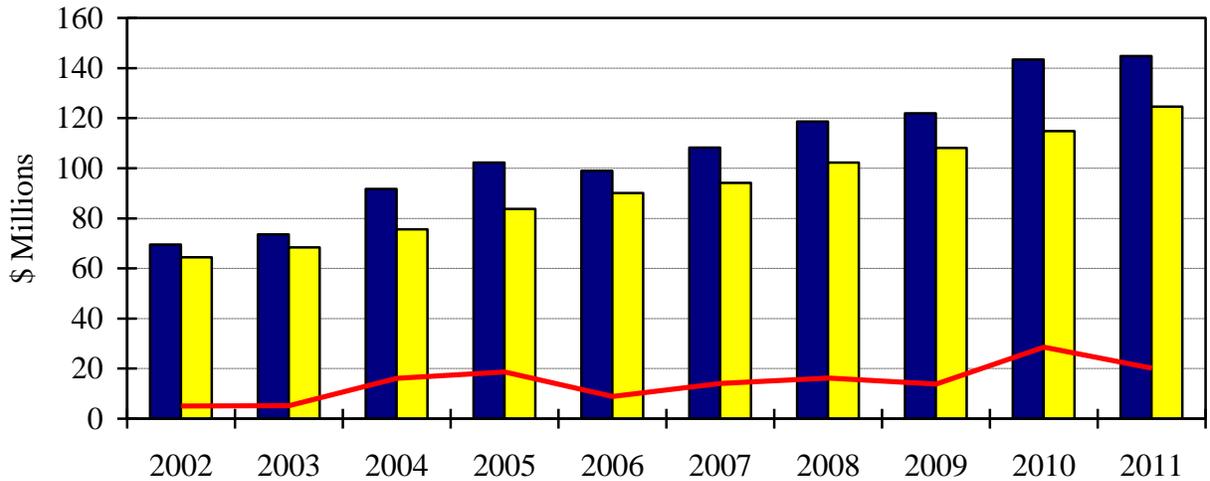
## Actuarial Value of Assets vs. GASB-25 Accrued Liability Plan A



## Plan A – Historical Asset Yield

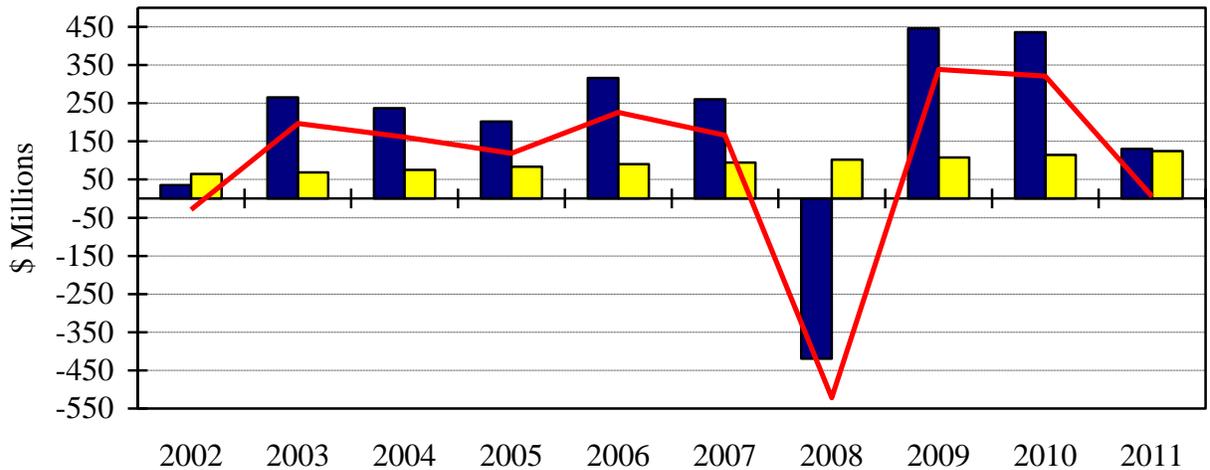


## Plan A - Net Non-Investment Income



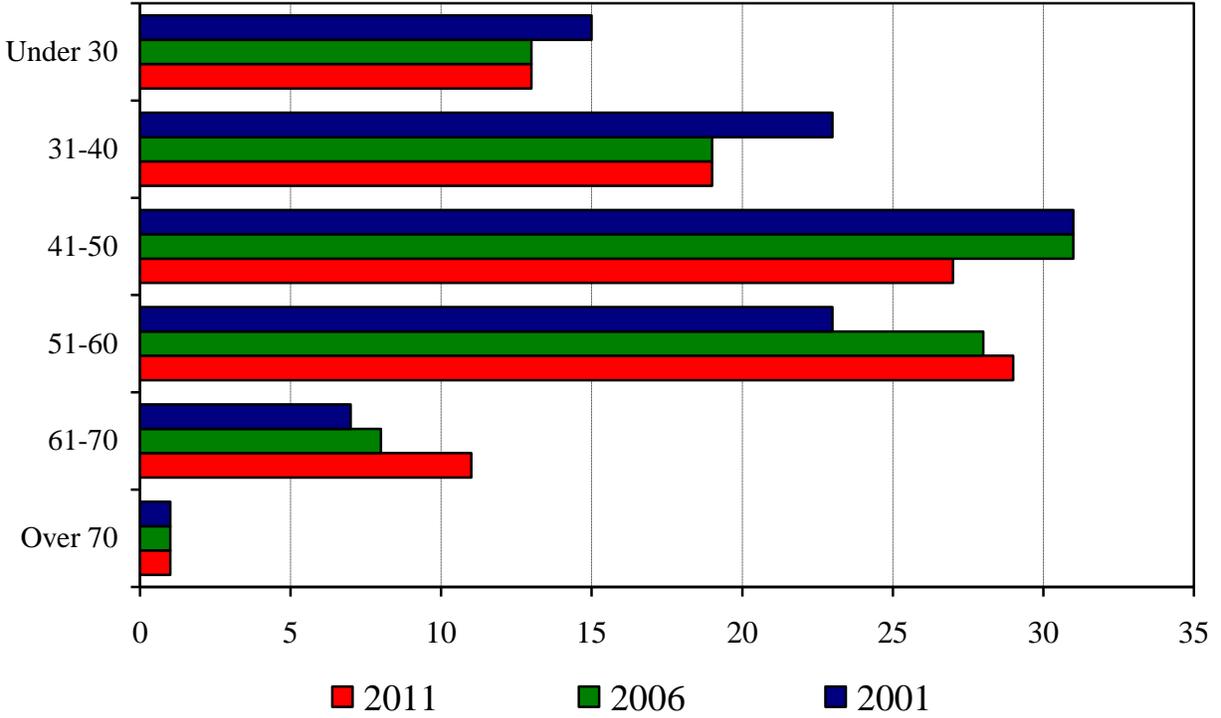
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-Investment Income (\$Mil)	<span style="display: inline-block; width: 15px; height: 10px; background-color: #000080; border: 1px solid black;"></span>	69.5	73.6	91.7	102.3	99.0	108.2	118.6	121.9	143.4	144.8
Benefits and Expenses (\$Mil)	<span style="display: inline-block; width: 15px; height: 10px; background-color: #ffff00; border: 1px solid black;"></span>	64.4	68.4	75.6	83.7	90.1	94.1	102.3	108.1	114.8	124.6
Net Non-Investment Income (\$Mil)	<span style="display: inline-block; width: 15px; height: 1px; background-color: #ff0000; border: 1px solid black;"></span>	5.1	5.2	16.1	18.6	8.9	14.1	16.3	13.8	28.6	20.2

## Plan A - Total Income vs. Expenses (Based on Market Value of Assets)

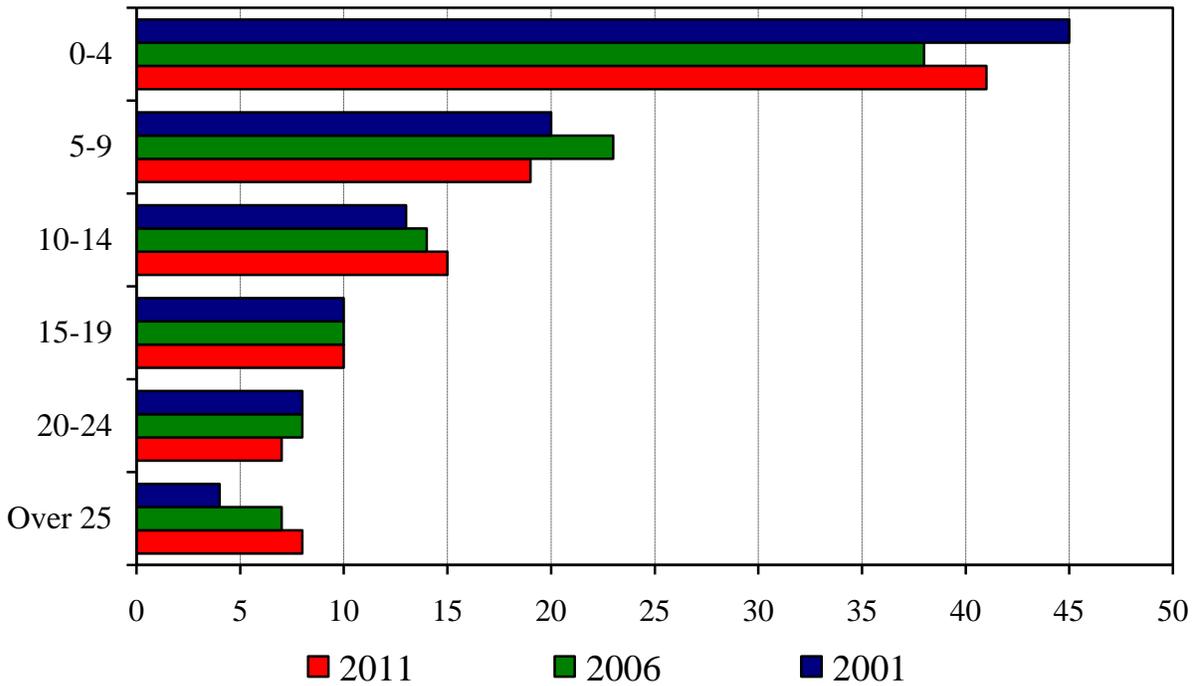


		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Income (\$Mil)	<span style="display: inline-block; width: 15px; height: 10px; background-color: #000080; border: 1px solid black;"></span>	35.7	265.1	237.1	202.2	315.9	260.2	-419.2	446.2	435.7	130.1
Benefits and Expenses (\$Mil)	<span style="display: inline-block; width: 15px; height: 10px; background-color: #ffff00; border: 1px solid black;"></span>	64.4	68.4	75.6	83.7	90.1	94.1	102.3	108.1	114.8	124.6
Net Change in MVA (\$Mil)	<span style="display: inline-block; width: 15px; height: 1px; background-color: #ff0000; border: 1px solid black;"></span>	-28.7	196.7	161.5	118.5	225.8	166.1	-521.5	338.1	320.9	5.5

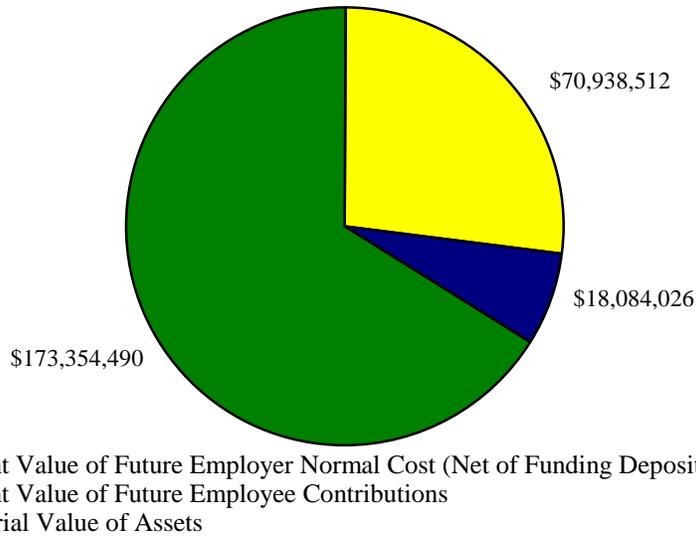
**Plan A - Active – Census By Age**  
(as a percent)



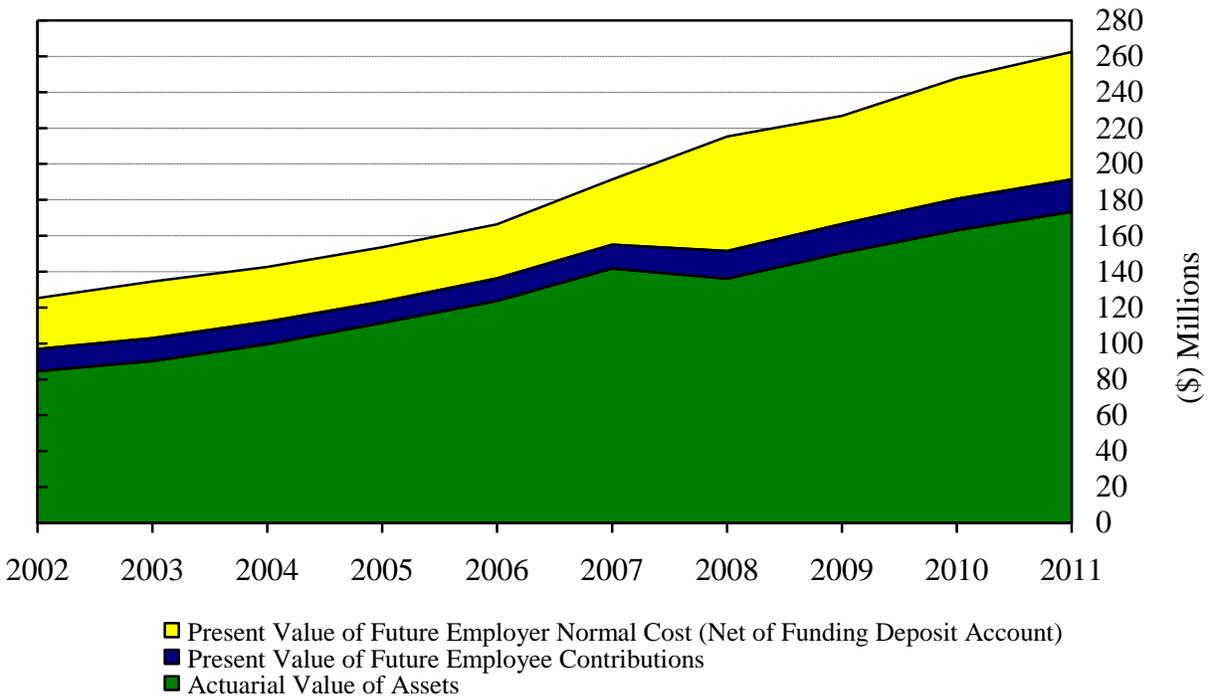
**Plan A - Active – Census By Service**  
(as a percent)



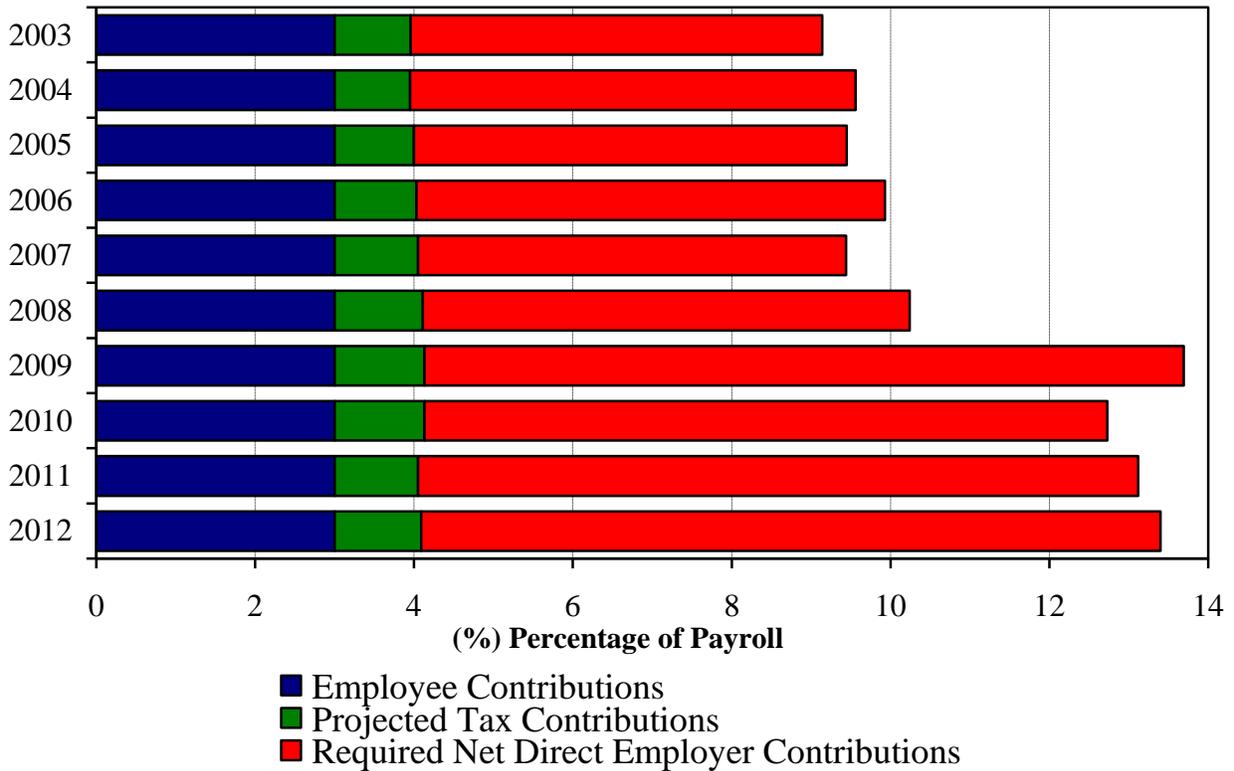
## Plan B - Components of Present Value of Future Benefits December 31, 2011



## Plan B - Components of Present Value of Future Benefits

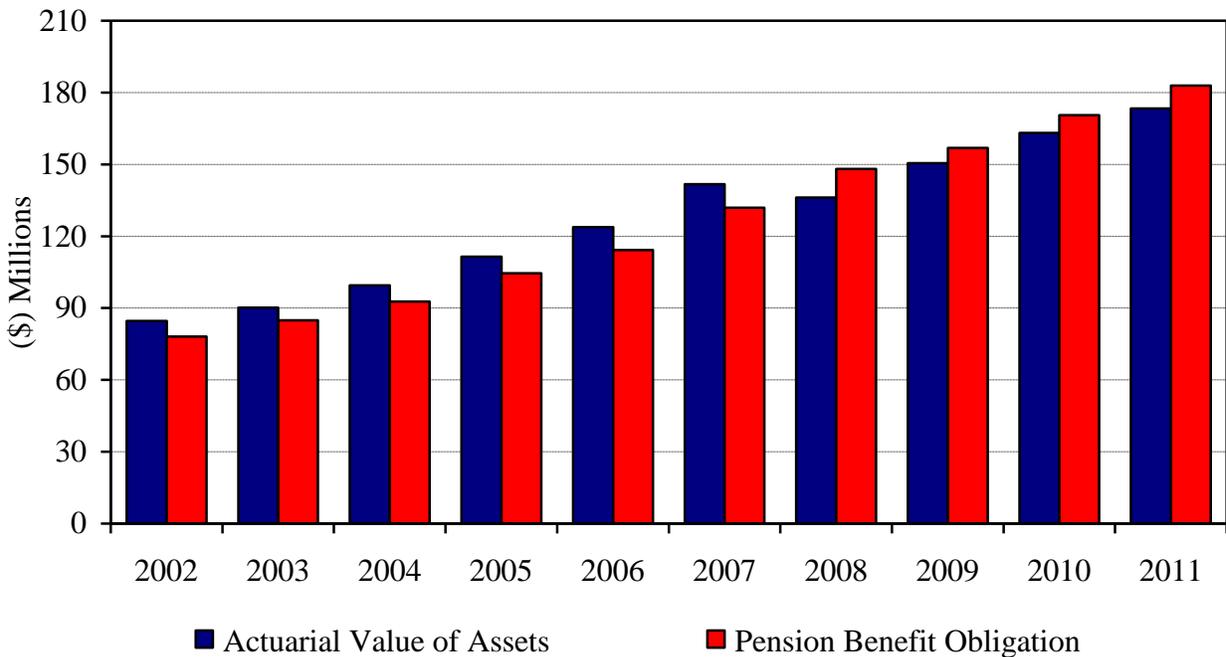


## Plan B - Components of Actuarial Funding

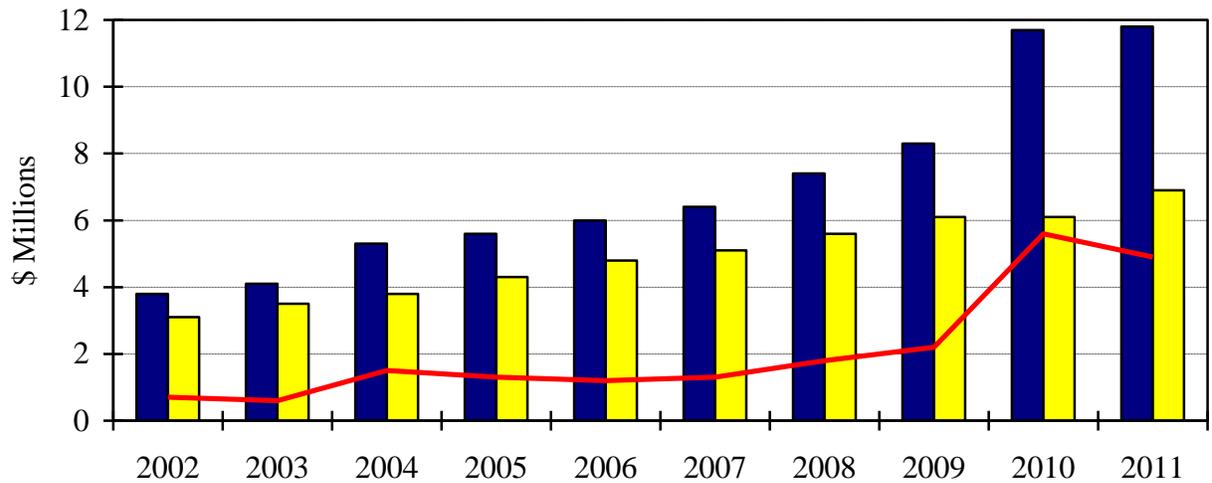


Projected Tax Contributions consist of Projected Ad Valorem and Revenue Sharing Funds as a percent of payroll

## Plan B-Actuarial Value of Assets vs. Pension Benefit Obligation

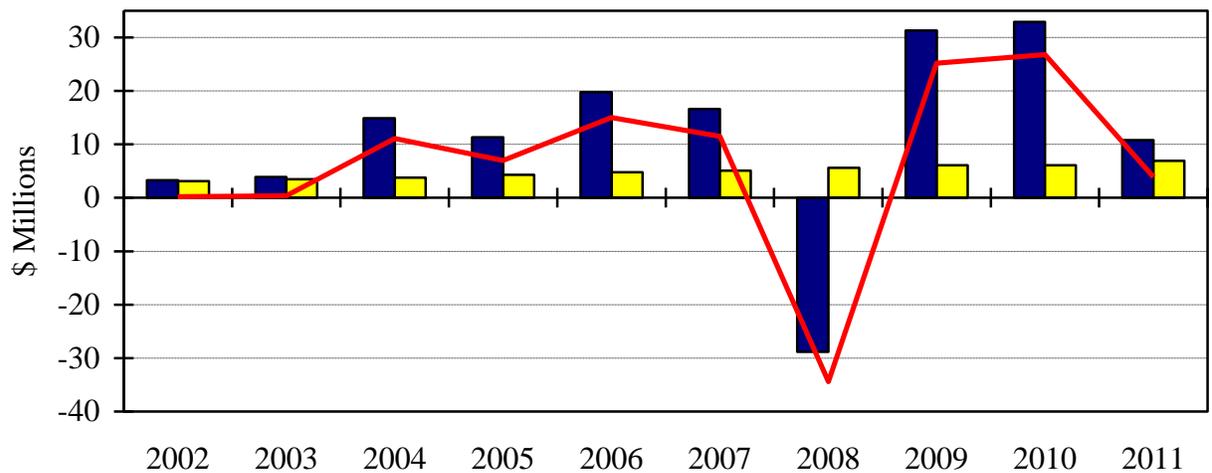


## Plan B - Net Non-Investment Income



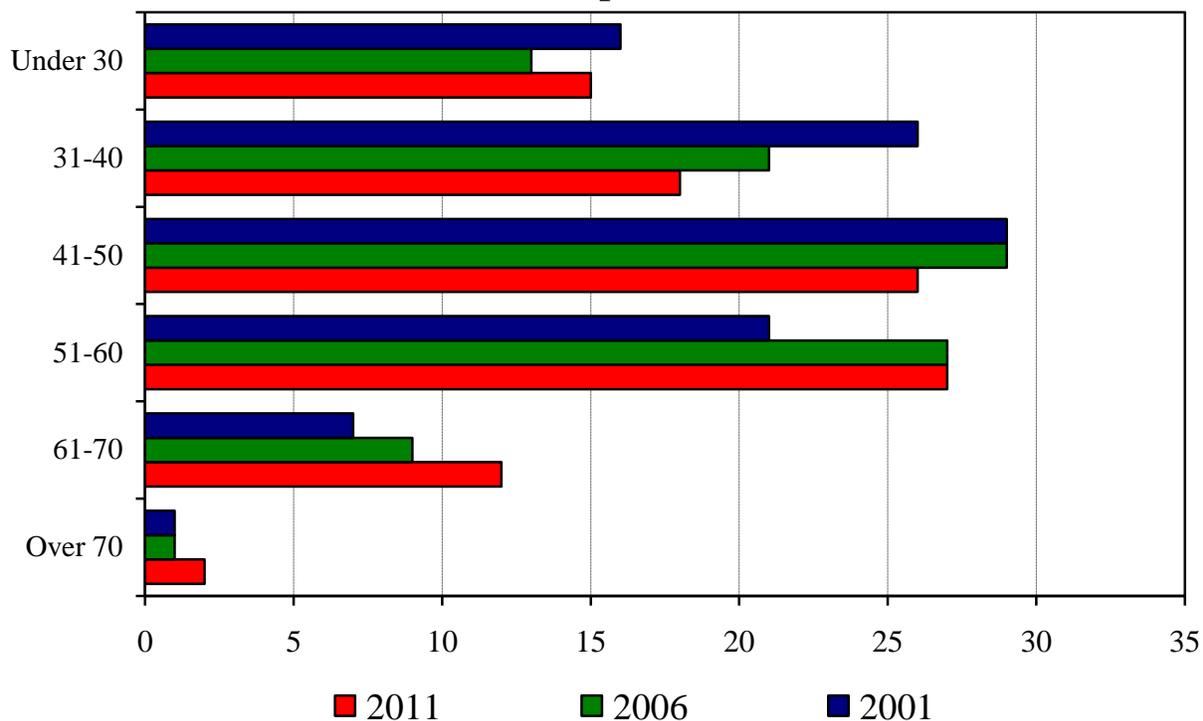
		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Non-Investment Income (\$Mil)	■	3.8	4.1	5.3	5.6	6.0	6.4	7.4	8.3	11.7	11.8
Benefits and Expenses (\$Mil)	■	3.1	3.5	3.8	4.3	4.8	5.1	5.6	6.1	6.1	6.9
Net Non-Investment Income (\$Mil)	—	0.7	0.6	1.5	1.3	1.2	1.3	1.8	2.2	5.6	4.9

## Plan B - Total Income vs. Expenses (Based on Market Value of Assets)

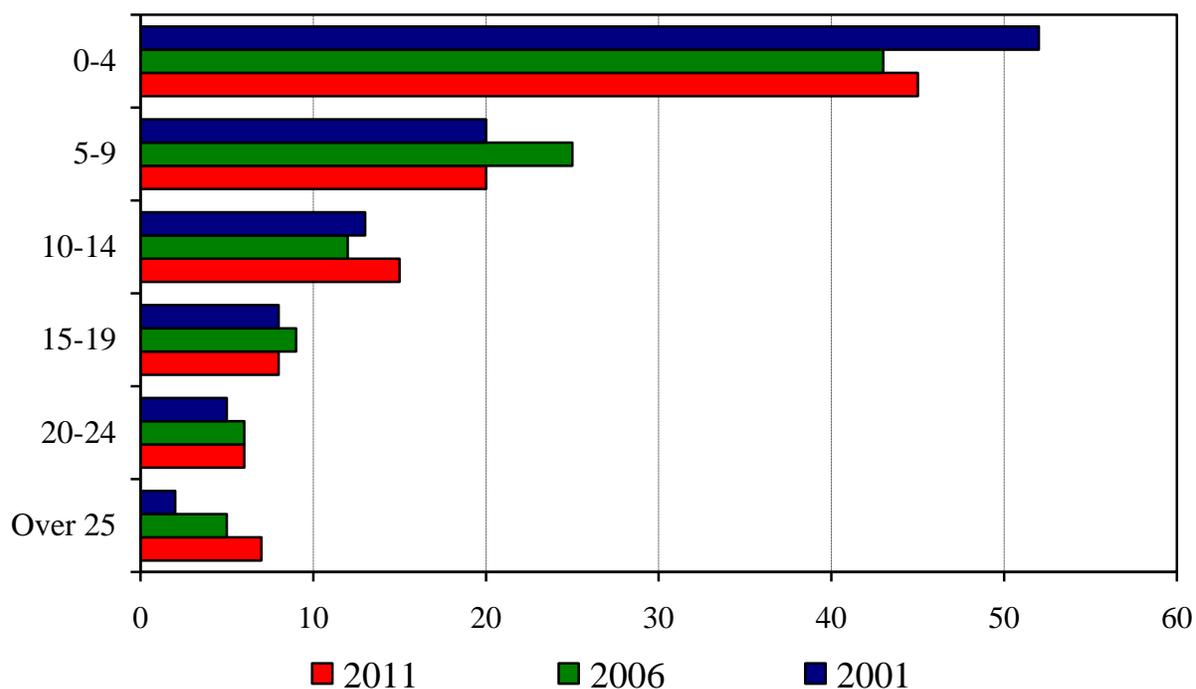


		2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Income (\$Mil)	■	3.3	3.9	14.9	11.3	19.8	16.6	-28.8	31.3	32.9	10.8
Benefits and Expenses (\$Mil)	■	3.1	3.5	3.8	4.3	4.8	5.1	5.6	6.1	6.1	6.9
Net Change in MVA (\$Mil)	—	0.2	0.4	11.1	7.0	15.0	11.5	-34.4	25.2	26.8	3.9

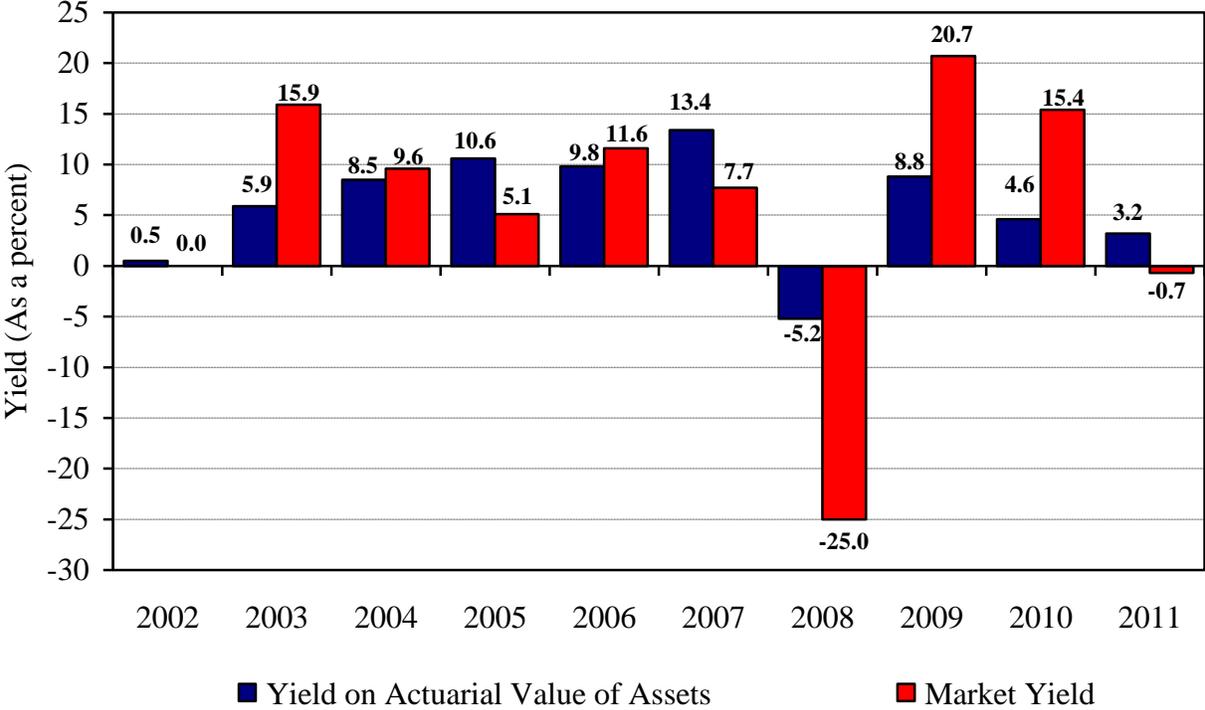
### Plan B - Active – Census By Age (as a percent)



### Plan B - Active – Census By Service (as a percent)



# Plan B – Historical Asset Yield



# **Exhibits**

**EXHIBIT I**  
**PLAN A: ANALYSIS OF ACTUARIALLY REQUIRED CONTRIBUTIONS**

1.	Present Value of Future Benefits .....	\$ 3,450,112,888
2.	Funding Deposit Account Credit Balance .....	\$ 29,274,204
3.	Unfunded Actuarial Accrued Liability .....	\$ 36,903,336
4.	Actuarial Value of Assets .....	\$ 2,344,047,017
5.	Present Value of Future Employee Contributions .....	\$ 373,626,178
6.	Present Value of Future Employer Normal Costs (1+2-3-4-5).....	\$ 724,810,561
7.	Present Value of Future Salaries.....	\$ 4,425,031,842
8.	Employer Normal Cost Accrual Rate (6÷7) .....	16.379782%
9.	Projected Fiscal 2012 Salary for Current Membership.....	\$ 518,712,374
10.	Employer Normal Cost as of January 1, 2012 (8 x 9) .....	\$ 84,963,956
11.	Amortization Payment on remaining frozen Unfunded Accrued Liability of \$36,903,336 with Payments increasing at 4% per year .....	\$ 11,884,883
12.	TOTAL Employer Normal Cost and Amortization Payment (10 + 11) .....	\$ 96,848,839
13.	Employer Normal Cost and Amortization Payment Interest Adjusted for Midyear Payment .....	\$ 100,415,007
14.	Estimated Administrative Cost for Fiscal 2012 .....	\$ 1,139,131
15.	TOTAL Administrative and Interest Adjusted Actuarial Costs (13 + 14).....	\$ 101,554,138
16.	Estimated Ad Valorem Tax Contributions for Fiscal 2012.....	\$ 6,075,192
17.	Estimated Revenue Sharing Funds for Fiscal 2012 .....	\$ 138,992
18.	Employers' Minimum Net Direct Actuarially Required Contribution for Fiscal 2012 (15 – 16 – 17).....	\$ 95,339,954
19.	Projected Payroll for Fiscal 2012.....	\$ 570,348,582
20.	Employers' Minimum Net Direct Actuarially Required Contribution as a % of Projected Payroll for Fiscal 2012 (18 ÷ 19).....	16.72%
21.	Actual Employer Contribution Rate for Fiscal 2012 .....	15.75%
22.	Contribution Shortfall (Excess) as a Percentage of Payroll (20 – 21) .....	0.97%
23.	Increase (Reduction) to Following Year Payment for Contribution Shortfall (Excess)	0.11%
24.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2013 (20+23, Rounded to nearest 0.25%) .....	16.75%

**EXHIBIT II**  
**PLAN A: PRESENT VALUE OF FUTURE BENEFITS**

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits .....	\$ 2,199,331,363
Survivor Benefits.....	42,574,842
Disability Benefits.....	52,847,588
Vested Termination Benefits.....	75,724,138
Refunds of Contributions .....	57,918,949
 TOTAL Present Value of Future Benefits for Active Members.....	 \$ 2,428,396,880

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement.....	\$ 47,839,211
Terminated Members with Reciprocals	
Due Benefits at Retirement .....	231,642
Terminated Members Due a Refund .....	6,946,735
 TOTAL Present Value of Future Benefits for Terminated Members.....	 \$ 55,017,588

PRESENT VALUE OF FUTURE BENEFITS FOR RETIREES:

Regular Retirees

Maximum.....	\$ 450,838,257
Option 1 .....	2,138,695
Option 2 .....	217,730,647
Option 3 .....	111,938,197
Option 4 .....	50,752,166

TOTAL Regular Retirees .....	\$ 833,397,963
Disability Retirees.....	65,654,529
Survivors & Widows.....	66,779,205
Reserve for Accrued Retiree DROP Account Balances .....	866,723
 TOTAL Present Value of Future Benefits for Retirees & Survivors.....	 \$ 966,698,420
 TOTAL Present Value of Future Benefits.....	 \$ 3,450,112,888

**EXHIBIT III – SCHEDULE A  
PLAN A: MARKET VALUE OF ASSETS**

CURRENT ASSETS:

Cash in Banks .....	\$ 4,842,220
Contributions Receivable.....	25,388,027
Ad Valorem Taxes Receivable & Revenue Sharing.....	5,838,931
Accrued Interest and Dividends.....	688,585
Investments Receivable .....	308,760
Due from Other Funds .....	587,762

TOTAL CURRENT ASSETS..... \$ 37,654,285

Property Plant & Equipment.....	\$ 729,559
Deposits .....	\$ 13

INVESTMENTS:

Common Trust Funds .....	\$ 973,028,019
Foreign Equities Fund.....	440,396,074
Common Stock.....	402,696,019
Foreign Fixed Income .....	172,574,047
Government Agency Bonds .....	99,805,046
Hedge Funds .....	66,671,033
Bond Funds .....	21,134,159
Cash Equivalents.....	21,118,291
Corporate Bonds .....	7,277,934

TOTAL INVESTMENTS..... \$ 2,204,700,622

TOTAL ASSETS .....

CURRENT LIABILITIES:

Retirements Payable.....	\$ 9,907,665
Accounts Payable .....	1,319,878
Refunds Payable.....	564,696
Investments Payable.....	445,845
Other Post-Employment Benefits Payable.....	351,929
Withholding Taxes Payable .....	27,770
Accrued Leave Payable.....	4,271

TOTAL CURRENT LIABILITIES .....

MARKET VALUE OF ASSETS..... \$ 2,230,462,425

**EXHIBIT III – SCHEDULE B  
PLAN A - ACTUARIAL VALUE OF ASSETS**

Excess (Shortfall) of invested income  
for current and previous 4 years:

Fiscal year 2011 .....	\$ (182,360,994)
Fiscal year 2010 .....	147,846,491
Fiscal year 2009 .....	206,437,835
Fiscal year 2008 .....	(694,894,129)
Fiscal year 2007 .....	<u>8,260,561</u>
Total for five years .....	\$ (514,710,236)

Deferral of excess (shortfall) of invested income:

Fiscal year 2011 (80%) .....	\$ (145,888,795)
Fiscal year 2010 (60%) .....	88,707,895
Fiscal year 2009 (40%) .....	82,575,134
Fiscal year 2008 (20%) .....	(138,978,826)
Fiscal year 2007 ( 0%) .....	<u>0</u>
Total deferred for year .....	(113,584,592)

Market value of plan net assets, end of year..... \$2,230,462,425

Preliminary actuarial value of plan assets, end of year ..... \$2,344,047,017

Actuarial value of assets corridor

85% of market value, end of year .....	\$ 1,895,893,061
115% of market value, end of year .....	\$ 2,565,031,789

Final actuarial value of plan net assets, end of year ..... \$2,344,047,017

**EXHIBIT IV**  
**PLAN A: PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund .....	\$	373,626,178
Employer Normal Contributions to the Pension Accumulation Fund.....		724,810,561
Employer Amortization Payments to the Pension Accumulation Fund .....		36,903,336
Funding Deposit Account Credit Balance .....		(29,274,204)
<b>TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS .....</b>	<b>\$</b>	<b>1,106,065,871</b>

**EXHIBIT V**  
**PLAN A: CHANGE IN FROZEN UNFUNDED ACTUARIAL ACCRUED LIABILITIES**

Prior Year Frozen Unfunded Accrued Liability .....	\$	45,756,457
Interest on Frozen Unfunded Accrued Liability .....	\$	3,431,734
Employer Normal Cost for Prior Year.....	78,230,326	
Interest on the Normal Cost.....	5,867,274	
Administrative Expenses .....	1,164,209	
Interest on Expenses .....	42,869	
<b>TOTAL Increases to Frozen Unfunded Accrued Liability.....</b>	<b>\$</b>	<b>88,736,412</b>
Direct Employer Contributions.....	\$	86,983,853
Interest on Employer Contributions.....	3,202,925	
Ad Valorem Taxes and Revenue Sharing.....	6,238,872	
Interest on Ad Valorem Taxes and Revenue Sharing Funds.....	229,728	
Contribution Shortfall.....	900,980	
Interest on Contribution Shortfall.....	33,175	
<b>TOTAL Decreases to Frozen Unfunded Accrued Liability .....</b>	<b>\$</b>	<b>97,589,533</b>
<b>CURRENT YEAR FROZEN UNFUNDED ACCRUED LIABILITY .....</b>	<b>\$</b>	<b>36,903,336</b>

**EXHIBIT VI**  
**PLAN A: ANALYSIS OF INCREASE IN ASSETS**

Actuarial Value of Assets (December 31, 2010).....		\$ 2,259,207,052
<b>INCOME:</b>		
Employer Contributions .....	\$ 86,983,853 0	
Member Contributions .....	49,659,918	
Ad Valorem Taxes .....	6,101,567	
Revenue Sharing.....	137,305	
Purchases and Transfers of Service Credit.....	1,591,746	
Irregular Contributions .....	217,032	
Transfers from Plan B .....	100,255	
 Total Contributions .....		 \$ 144,791,676
Net Depreciation in Fair Value of Investments .....	\$(57,416,358)	
Interest & Dividends.....	51,171,662	
Class Action Settlement .....	174,883	
Investment Expense .....	(8,670,687)	
Net Investment Income.....		\$ (14,740,500)
 TOTAL Income .....		 \$ 130,051,176
 <b>EXPENSES:</b>		
Retirement Benefits .....	\$ 101,408,303	
DROP Disbursements.....	10,174,512	
Refunds of Contributions.....	9,853,911	
Funds Transferred to another System .....	2,029,223	
Administrative Expenses .....	1,134,932	
Depreciation.....	29,277	
 TOTAL Expenses .....		 \$ 124,630,158
 Net Market Value Income for Fiscal 2011 (Income - Expenses) .....		 \$ 5,421,018
 Unadjusted Fund Balance as of December 31, 2011 (Fund Balance Previous Year + Net Income).....		 \$ 2,264,628,070
 Adjustment for Actuarial Smoothing.....		 \$ 79,418,947
 Actuarial Value of Assets: (December 31, 2011).....		 \$ 2,344,047,017

**EXHIBIT VII  
PLAN A: FUND BALANCES**

PRESENT ASSETS OF THE SYSTEM CREDITABLE TO:

Annuity Savings Fund .....	\$	380,732,590
Annuity Reserve Fund .....		965,831,697
Pension Accumulation Fund.....		807,114,624
Deferred Retirement Option Plan Account .....		47,509,310
Funding Deposit Account.....		29,274,204
NET MARKET VALUE OF ASSETS .....	\$	2,230,462,425
ADJUSTMENT FOR ACTUARIAL SMOOTHING.....	\$	113,584,592
ACTUARIAL VALUE OF ASSETS.....	\$	2,344,047,017

**EXHIBIT VIII  
PLAN A: PENSION BENEFIT OBLIGATION**

Present Value of Credited Projected Benefits Payable to Current Employees.....	\$	1,582,327,133
Present Value of Benefits Payable to Terminated Employees .....		55,017,588
Present Value of Benefits Payable to Current Retirees and Beneficiaries .....		966,698,420
TOTAL PENSION BENEFIT OBLIGATION.....	\$	2,604,043,141
NET ACTUARIAL VALUE OF ASSETS.....	\$	2,344,047,017
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation.....		90.02%

**EXHIBIT IX**  
**PLAN A: COST OF LIVING ADJUSTMENTS - TARGET RATIO**

Actuarial Value of Assets Divided by PBO as of Fiscal 1986: .....		59.75%
Amortization of Unfunded Balance over 30 years: .....		33.54%
Adjustments in Funded Ratio Due to Mergers or Changes in Methods or Assumption(s):		
Changes for Fiscal 1987 .....	8.18%	
Changes for Fiscal 1988 .....	-0.75%	
Changes for Fiscal 1989 .....	0.06%	
Changes for Fiscal 1990 .....	-1.91%	
Mergers in Fiscal 1994 .....	0.82%	
Changes for Fiscal 1995 .....	-5.88%	
Changes for Fiscal 1997 .....	-2.43%	
Changes for Fiscal 1998 .....	-3.78%	
Changes for Fiscal 1999 .....	-3.73%	
Changes for Fiscal 2001 .....	-0.03%	
Changes for Fiscal 2003 .....	0.43%	
Changes for Fiscal 2005 .....	-2.29%	
Changes for Fiscal 2006 .....	0.07%	
Changes for Fiscal 2007 .....	1.89%	
Changes for Fiscal 2008 .....	10.12%	
Changes for Fiscal 2010 .....	-2.50%	
TOTAL Adjustments .....		-1.73%
Amortization of Adjustments in Funded Ratio over 30 years:		
Changes for Fiscal 1987 .....	-6.54%	
Changes for Fiscal 1988 .....	0.58%	
Changes for Fiscal 1989 .....	-0.04%	
Changes for Fiscal 1990 .....	1.34%	
Mergers in Fiscal 1994 .....	-0.46%	
Changes for Fiscal 1995 .....	3.14%	
Changes for Fiscal 1997 .....	1.13%	
Changes for Fiscal 1998 .....	1.64%	
Changes for Fiscal 1999 .....	1.49%	
Changes for Fiscal 2001 .....	0.01%	
Changes for Fiscal 2003 .....	-0.11%	
Changes for Fiscal 2005 .....	0.46%	
Changes for Fiscal 2006 .....	-0.01%	
Changes for Fiscal 2007 .....	-0.25%	
Changes for Fiscal 2008 .....	-1.01%	
Changes for Fiscal 2010 .....	0.08%	
TOTAL Amortization of Adjustments .....		1.45%
Target Ratio for Current Fiscal Year .....		93.01%
Actuarial Value of Assets Divided by PBO as of Fiscal 2011 .....		90.02%

**EXHIBIT X**  
**CENSUS DATA - PLAN A**

	<b>Active</b>	<b>Terminated with Funds on Deposit</b>	<b>DROP</b>	<b>Retired</b>	<b>Total</b>
Number of members as of December 31, 2010	14,255	7,318	536	5,531	27,640
Additions to Census					
Initial membership	1,413	41			1,454
Omitted in error last year					
Death of another member				52	52
Adjustment for multiple records		1		9	10
Change in Status during Year					
Actives terminating service	(406)	406			
Actives who retired	(229)			229	
Actives entering DROP	(301)		301		
Term. members rehired	53	(53)			
Term. members who retire		(39)		39	
Retirees who are rehired	1			(1)	
Refunded who are rehired	31	5			36
DROP participants retiring			(93)	93	
DROP returned to work	70		(70)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(875)	(314)			(1,189)
Deaths	(37)	(9)	(1)	(232)	(279)
Included in error last year			(2)		(2)
Adjustment for multiple records				(2)	(2)
Number of members as of December 31, 2011	13,975	7,356	671	5,718	27,720

PLAN A - ACTIVES CENSUS BY AGE:

Age	Number		Total Number	Average Salary	Total Salary
	Male	Female			
16 - 20	49	19	68	20,160	1,370,911
21 - 25	399	294	693	24,881	17,242,371
26 - 30	527	686	1,213	30,627	37,150,392
31 - 35	653	684	1,337	35,342	47,251,731
36 - 40	615	767	1,382	38,252	52,864,309
41 - 45	839	922	1,761	38,598	67,971,877
46 - 50	1,048	1,097	2,145	39,852	85,482,746
51 - 55	1,140	1,205	2,345	41,095	96,367,234
56 - 60	1,020	937	1,957	40,291	78,849,993
61 - 65	625	553	1,178	40,216	47,374,601
66 - 70	214	163	377	39,233	14,790,980
71 - 75	84	42	126	33,077	4,167,723
76 - 80	29	25	54	26,408	1,426,050
81 - 85	9	0	9	25,271	227,437
86 - 90	1	0	1	4,800	4,800
TOTAL	7,252	7,394	14,646	37,727	552,543,155

THE ACTIVE CENSUS INCLUDES 7,370 ACTIVES WITH VESTED BENEFITS, INCLUDING 671 DROP PARTICIPANTS AND 266 ACTIVE FORMER DROP PARTICIPANTS.

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Age	Number		Total Number	Average Benefit	Total Benefit
	Male	Female			
26 - 30	0	1	1	10,911	10,911
31 - 35	2	10	12	9,481	113,776
36 - 40	13	22	35	11,710	409,841
41 - 45	26	42	68	12,260	833,694
46 - 50	40	54	94	18,233	1,713,940
51 - 55	56	79	135	17,204	2,322,489
56 - 60	69	69	138	14,418	1,989,668
61 - 65	34	21	55	8,847	486,560
66 - 70	9	4	13	6,696	87,047
71 - 75	3	2	5	5,297	26,484
76 - 80	1	0	1	7,722	7,722
81 - 85	1	1	2	567	1,134
86 - 90	1	1	2	1,035	2,070
TOTAL	255	306	561	14,270	8,005,336

PLAN A - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:

Contributions Ranging		Number	Total Contributions
From	To		
0	99	4,360	116,319
100	499	996	235,710
500	999	339	242,706
1000	1999	276	385,381
2000	4999	382	1,244,730
5000	9999	236	1,713,956
10000	19999	162	2,263,033
20000	99999	44	1,301,135
TOTAL		6,795	7,502,970

PLAN A - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
46 - 50	11	4	15	44,259	663,880
51 - 55	57	44	101	43,212	4,364,398
56 - 60	159	144	303	40,319	12,216,528
61 - 65	401	346	747	26,845	20,053,104
66 - 70	484	372	856	20,503	17,550,661
71 - 75	518	364	882	17,323	15,278,624
76 - 80	368	289	657	14,577	9,577,000
81 - 85	258	224	482	13,226	6,374,933
86 - 90	131	127	258	11,600	2,992,707
91 - 99	32	47	79	6,334	500,350
TOTAL	2,419	1,961	4,380	20,450	89,572,185

PLAN A - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	1	1	2	8,723	17,446
36 - 40	4	1	5	13,225	66,124
41 - 45	6	9	15	12,391	185,866
46 - 50	25	15	40	14,622	584,865
51 - 55	53	29	82	15,354	1,259,003
56 - 60	101	40	141	14,730	2,076,942
61 - 65	82	43	125	13,363	1,670,329
66 - 70	48	23	71	11,459	813,599
71 - 75	19	11	30	5,918	177,538
76 - 80	7	1	8	4,000	32,001
81 - 85	4	1	5	6,745	33,726
86 - 90	2	0	2	4,174	8,348
TOTAL	352	174	526	13,167	6,925,787

PLAN A - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
0 - 25	9	5	14	16,363	229,084
26 - 30	2	0	2	7,824	15,647
31 - 35	1	1	2	3,938	7,875
36 - 40	0	2	2	12,491	24,981
41 - 45	2	5	7	10,393	72,749
46 - 50	3	15	18	17,260	310,682
51 - 55	7	21	28	14,942	418,366
56 - 60	8	27	35	13,162	460,677
61 - 65	5	75	80	11,967	957,387
66 - 70	14	107	121	12,233	1,480,218
71 - 75	13	121	134	10,384	1,391,498
76 - 80	9	120	129	8,731	1,126,362
81 - 85	6	106	112	8,547	957,303
86 - 90	2	80	82	6,582	539,696
ABOVE 90	1	45	46	4,230	192,998
TOTAL	82	730	812	10,081	8,185,523

PLAN A - ACTIVE MEMBERS:

Completed Years of Service

Attained Ages	Completed Years of Service											Total			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	51	17													68
21 - 25	264	175	102	97	40	15									693
26 - 30	219	200	189	187	154	237	27								1,213
31 - 35	191	171	120	162	139	358	180	16							1,337
36 - 40	129	131	147	132	116	315	293	105	14						1,382
41 - 45	155	158	146	156	129	364	302	208	129	14					1,761
46 - 50	131	125	159	168	131	374	354	266	212	174	51				2,145
51 - 55	151	124	117	144	131	429	375	268	199	243	164				2,345
56 - 60	83	76	78	124	101	372	339	256	244	155	129				1,957
61 - 65	29	24	42	41	46	222	248	218	156	74	78				1,178
66 - 70	5	11	12	15	10	61	81	67	55	32	28				377
71 & Over		2	4	6	8	19	24	45	32	28	22				190
Totals	1408	1214	1116	1232	1005	2766	2223	1449	1041	720	472				14646

PLAN A - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Completed Years of Service

Attained Ages	Completed Years of Service											Average Salary			
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over				
0 - 20	21,103	17,332													20,160
21 - 25	23,511	24,366	25,421	27,066	27,661	29,779	38,663								24,881
26 - 30	26,889	29,316	28,727	31,512	31,192	34,721	40,885								30,627
31 - 35	28,609	31,273	35,033	34,424	34,625	38,456	44,980								35,342
36 - 40	31,976	33,094	34,921	35,191	33,680	40,591	42,595	45,392	48,976						38,252
41 - 45	28,230	31,123	36,380	34,189	34,971	38,787	42,346	47,650	46,487	50,551					38,598
46 - 50	30,856	32,899	32,479	32,089	30,250	36,049	41,237	44,656	47,921	57,013	54,363				39,852
51 - 55	29,710	34,023	30,177	32,992	32,157	36,741	39,989	41,112	48,970	58,608	57,351				41,095
56 - 60	34,516	32,878	34,773	35,227	32,877	34,654	39,476	41,730	44,718	50,803	56,924				40,291
61 - 65	40,829	36,002	39,476	38,147	33,095	36,731	38,142	38,246	40,644	51,968	56,987				40,216
66 - 70	22,830	32,814	22,286	28,005	33,438	34,867	40,182	42,636	42,148	42,680	48,997				39,233
71 & Over		21,698	28,355	61,435	23,584	28,980	27,726	30,868	26,327	36,170	29,618				30,663
Average	28,287	30,577	32,363	33,227	32,520	36,990	40,498	42,484	45,148	54,123	55,063				37,727

PLAN A - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Years Until Retirement Eligibility

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 25												0
26 - 30											1	1
31 - 35										4	8	12
36 - 40									16	19		35
41 - 45							73	41	27			68
46 - 50							29	21				94
51 - 55			1			105						135
56 - 60	13	28	42	19	19	17						138
61 - 65	31	4	9	8	3							55
66 - 70	13											13
71 - 75	5											5
76 - 80	1											1
81 - 85	2											2
86 - 90	2											2
91 & Over												0
Totals	67	32	52	27	22	122	102	62	43	23	9	561

PLAN A - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Years Until Retirement Eligibility

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 25												0
26 - 30											10,911	10,911
31 - 35										10,336	9,054	9,481
36 - 40									15,411	8,593		11,710
41 - 45								14,910	8,237			12,260
46 - 50							20,919	8,899				18,233
51 - 55			68,040			19,047	8,775					17,204
56 - 60	16,267	15,080	15,802	13,783	14,900	8,665						14,418
61 - 65	9,555	8,498	6,884	7,569	11,281							8,847
66 - 70	6,696											6,696
71 - 75	5,297											5,297
76 - 80	7,722											7,722
81 - 85	567											567
86 - 90	1,035											1,035
91 & Over												0
Average	9,435	14,257	15,263	11,942	14,406	17,601	17,466	12,874	10,906	8,896	9,261	14,270

PLAN A - SERVICE RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 50	11	2	1	1								15
51 - 55	29	23	18	10	12	9						101
56 - 60	60	41	45	47	27	75	8					303
61 - 65	128	125	102	90	80	183	36	2	1			747
66 - 70	48	63	82	82	76	362	104	30	7	2		856
71 - 75	21	18	35	35	29	277	326	92	40	7	2	882
76 - 80	10	7	7	18	15	78	189	226	79	25	3	657
81 - 85	2	3	2	2	4	35	50	167	158	49	10	482
86 - 90				1	1	9	11	37	83	100	16	258
91 & Over	1					1	4	3	9	24	37	79
Totals	310	282	292	286	244	1029	728	557	377	207	68	4380

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 50	48,581	30,649	48,799	19,393								44,259
51 - 55	42,844	45,586	46,409	45,067	36,598	38,693						43,212
56 - 60	35,226	46,151	39,481	40,444	46,569	40,066	33,876					40,319
61 - 65	20,748	23,092	21,900	27,706	24,613	35,267	35,409	38,463	8,966			26,845
66 - 70	19,835	21,376	15,214	15,027	19,168	20,040	28,031	30,407	31,279	7,309		20,503
71 - 75	18,301	20,753	18,327	14,876	15,073	16,343	15,861	23,154	24,019	16,963	7,077	17,323
76 - 80	16,829	15,126	10,678	12,748	9,017	14,309	13,008	13,934	21,013	18,329	7,141	14,577
81 - 85	17,762	24,756	10,963	4,871	13,658	10,424	15,286	11,564	12,795	19,864	12,344	13,226
86 - 90				4,957	5,339	16,894	14,388	13,105	10,797	10,963	12,173	11,600
91 & Over	18,425					3,475	7,958	15,325	6,861	6,685	4,823	6,334
Average	26,145	27,620	23,563	23,991	23,585	22,570	17,918	15,674	15,460	13,631	7,827	20,450

PLAN A - DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 30												0
31 - 35	1					1						2
36 - 40						3						5
41 - 45	3	2	1	2	1	4	3	1				15
46 - 50	3	7	3	4	2	12	8					40
51 - 55	7	3	5	4	6	26	12	11				82
56 - 60	18	9	11	8	8	38	21	15	6	2		141
61 - 65	4	1	1	5	9	51	27	14	11	2		125
66 - 70	2		1	1	1	16	17	20	10	2	1	71
71 - 75						7	5	8	8	2		30
76 - 80							2	4	2	2		8
81 - 85								1	2	1		5
86 - 90									2			2
91 & Over									2			2
Totals	38	22	22	25	27	158	95	74	50	13	2	526

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 30												0
31 - 35	8,002					9,444						8,723
36 - 40						13,109						13,225
41 - 45	15,530	7,940	19,882	13,399	13,363	11,136	7,804					12,391
46 - 50	19,174	21,038	13,672	22,196	22,688	12,263	8,105	7,685				14,622
51 - 55	27,154	19,067	17,353	27,567	16,721	17,583	9,549	7,725	7,062	7,629		15,354
56 - 60	18,251	11,901	18,288	17,658	20,313	15,322	14,912	9,856	7,563	4,988		14,730
61 - 65	5,937	3,798	5,376	11,066	11,163	16,584	11,346	13,782	11,192	6,709		13,363
66 - 70			3,315	8,526	4,169	10,838	11,014	13,335	13,781	9,098	3,571	11,459
71 - 75						5,201	3,904	5,894	7,255	8,207		5,918
76 - 80							3,846	3,254		5,647		4,000
81 - 85								6,821	6,300	5,161	9,144	6,745
86 - 90									4,174			4,174
91 & Over												0
Average	17,503	15,057	16,251	17,536	15,785	14,782	10,913	10,367	9,310	6,901	6,357	13,167

PLAN A - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 20	4	1	1		5	1	1	1				14
21 - 25												0
26 - 30						1		1				2
31 - 35		1				1						2
36 - 40		1				1						2
41 - 45		1			1	4						7
46 - 50				4		6	3	4				18
51 - 55	2	2	2	1	4	7	4	4	1	1		28
56 - 60	1	4	5	6	1	12	11	2	2			35
61 - 65	2	4	9	5	7	24	16	9	4	3	1	80
66 - 70	1	1	6	6	3	44	27	21	6	2	1	121
71 - 75	3		2	2	4	29	37	33	17	5	2	134
76 - 80		1	2		2	10	17	42	33	18	4	129
81 - 85			1			1	10	24	33	31	12	112
86 - 90						1	2	7	20	31	21	82
91 & Over								4	7	13	22	46
Totals	13	9	26	24	27	142	129	152	123	104	63	812

PLAN A - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 20	32,838	25,355	13,241		8,439	6,205	4,386	6,348				16,363
21 - 25						6,958		8,689				0
26 - 30						4,365						7,824
31 - 35			3,510			12,800						3,937
36 - 40			12,181									12,491
41 - 45			21,473		5,334		12,513					10,393
46 - 50			38,209	18,095		8,357	25,215	11,235		1,303		17,260
51 - 55	29,556	14,340	26,705	27,918	10,839	13,251	13,989	8,041	4,683			14,942
56 - 60	26,973			14,030	10,788	15,968	14,454	10,132	4,052			13,162
61 - 65	13,552	31,117	13,721	13,409	5,451	12,615	11,422	9,827	4,534			11,967
66 - 70	23,302	3,283	14,154	18,527	11,474	13,071	9,575	13,011	10,131	6,672	2,697	12,233
71 - 75	13,774		9,358	3,587	4,907	10,691	9,967	10,911	10,995	13,318	6,135	10,384
76 - 80		14,570	10,247		3,214	11,935	8,130	9,304	8,880	7,001	4,368	8,731
81 - 85			3,136			1,503	8,048	8,041	9,584	9,409	5,938	8,547
86 - 90						5,302	5,255	14,471	6,820	7,040	3,236	6,582
91 & Over								5,857	5,142	5,813	2,637	4,230
Average	23,782	21,817	14,629	15,411	7,419	12,185	10,440	10,149	8,621	7,875	3,676	10,081

**EXHIBIT XI**  
**PLAN A: YEAR-TO-YEAR COMPARISON**

	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Number of Active Members	14,646	14,791	14,795	14,373
Number of Retirees & Survivors	5,718	5,531	5,413	5,235
Number of Terminated Due Deferred Benefits	561	556	562	545
Number Terminated Due Refunds	6,795	6,762	6,611	6,464
Active Lives Payroll	\$ 552,543,155	\$ 546,737,427	\$ 536,408,372	\$ 511,891,487
Retiree Benefits in Payment	\$ 104,683,495	\$ 97,650,642	\$ 90,207,961	\$ 84,492,940
Market Value of Assets	\$ 2,230,462,425	\$ 2,225,041,407	\$ 1,904,114,041	\$ 1,565,934,957
Ratio of AVA to GASB-25 Accrued Liability	98.45%	98.01%	97.55%	96.99%
Actuarial Value of Assets	\$ 2,344,047,017	\$ 2,259,207,052	\$ 2,135,230,590	\$ 1,943,569,363
Frozen Unfunded Actuarial Accrued Liability	\$ 36,903,336	\$ 45,756,457	\$ 53,552,388	\$ 60,381,793
Present Value of Future Employer Normal Cost	\$ 724,810,561	\$ 669,371,250	\$ 552,376,261	\$ 613,635,252
Present Value of Future Employee Contrib.	\$ 373,626,178	\$ 370,489,102	\$ 355,947,027	\$ 339,052,728
Funding Deposit Account Credit Balance	\$ 29,274,204	\$ 27,231,818	\$ 25,331,924	\$ 23,564,580
Present Value of Future Benefits	\$ 3,450,112,888	\$ 3,317,592,043	\$ 3,071,774,342	\$ 2,933,074,556

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	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Employee Contribution Rate	9.50%	9.50%	9.50%	9.50%
Estimated Tax Contribution as % of Payroll	1.09%	1.05%	1.13%	1.15%
Actuarially Required Net Direct Employer Contribution Rate	16.72%	15.58%	13.46%	15.40%
Actual Employer Contribution Rate	15.75%	15.75%	15.75%	12.25%

Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
13,650	13,244	13,470	13,868	13,934	13,570
5,083	4,978	4,845	4,739	4,602	4,507
497	522	448	374	320	323
6,122	6,140	5,723	5,641	5,439	5,528
\$ 454,741,830	\$ 420,104,038	\$ 429,459,653	\$ 407,022,806	\$ 396,330,869	\$ 372,814,126
\$ 77,403,146	\$ 73,102,892	\$ 66,724,243	\$ 62,543,026	\$ 57,594,474	\$ 54,500,856
\$ 2,087,385,378	\$ 1,921,293,624	\$ 1,695,523,143	\$ 1,577,051,547	\$ 1,415,543,422	\$ 1,218,826,920
96.83%	95.04%	94.29%	93.46%	92.83%	92.47%
\$ 2,027,214,660	\$ 1,718,754,962	\$ 1,535,416,950	\$ 1,364,795,086	\$ 1,261,191,242	\$ 1,214,971,041
\$ 66,328,358	\$ 89,762,521	\$ 92,910,853	\$ 95,449,152	\$ 97,437,098	\$ 98,929,395
\$ 288,883,382	\$ 280,817,883	\$ 422,308,841	\$ 351,288,808	\$ 354,769,127	\$ 291,266,682
\$ 302,732,846	\$ 279,197,353	\$ 291,917,848	\$ 269,026,244	\$ 263,620,074	\$ 250,687,770
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 2,685,159,246	\$ 2,368,532,719	\$ 2,342,554,492	\$ 2,080,559,290	\$ 1,977,017,541	\$ 1,855,854,888

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Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
1.11%	1.05%	0.94%	1.02%	0.96%	0.97%
8.98%	9.58%	13.12%	12.39%	12.66%	11.22%
12.75%	13.25%	12.75%	12.75%	11.75%	7.75%

**EXHIBIT XII**  
**PLAN B: ANALYSIS OF ACTUARIALY REQUIRED CONTRIBUTIONS**

1.	Present Value of Future Benefits .....	\$	262,377,028
2.	Funding Deposit Account Credit Balance.....	\$	1,012,867
3.	Actuarial Value of Assets.....	\$	173,354,490
4.	Present Value of Future Employee Contributions.....	\$	18,084,026
5.	Present Value of Future Employer Normal Costs (1+2-3-4) .....	\$	71,951,379
6.	Present Value of Future Salaries .....	\$	651,194,520
7.	Employer Normal Cost Accrual Rate (5 ÷ 6).....		11.049138%
8.	Projected Fiscal 2012 Salary for Current Membership.....	\$	77,692,775
9.	Employer Normal Cost as of January 1, 2012 (7 x 8).....	\$	8,584,382
10.	Normal Cost Interest Adjusted for Midyear Payment.....	\$	8,900,477
11.	Estimated Administrative Cost for Fiscal 2012 .....	\$	173,665
12.	TOTAL Administrative and Interest Adjusted Actuarial Costs (10 + 11).....	\$	9,074,142
13.	Projected Ad Valorem Tax Contributions for Fiscal 2012 .....	\$	926,185
14.	Projected Revenue Sharing Funds for Fiscal 2012 .....	\$	21,190
15.	Employers' Net Direct Actuarially Required Contribution for Fiscal 2012 (12 – 13 – 14).....	\$	8,126,767
16.	Projected Payroll for Fiscal 2012 .....	\$	87,302,215
17.	Employers' Net Direct Actuarially Required Contribution as a % of Projected Payroll for 2012 (15 ÷ 16).....		9.31%
18.	Minimum Recommended Net Direct Employer Contribution Rate for Fiscal 2013(17, Rounded to Nearest 0.25%).....		9.25%

**EXHIBIT XIII**  
**PLAN B: PRESENT VALUE OF FUTURE BENEFITS**

PRESENT VALUE OF FUTURE BENEFITS FOR ACTIVE MEMBERS:

Retirement Benefits.....	\$177,489,304
Survivor Benefits .....	4,869,913
Disability Benefits.....	5,781,951
Vested Termination Benefits.....	11,703,707
Refunds of Contributions .....	3,081,830

TOTAL Present Value of Future Benefits for Active Members..... \$ 202,926,705

PRESENT VALUE OF FUTURE BENEFITS FOR TERMINATED MEMBERS:

Terminated Vested Members Due Benefits at Retirement .....	\$ 5,996,648
Terminated Members with Reciprocals	
Due Benefits at Retirement.....	21,540
Terminated Members Due a Refund.....	549,860

TOTAL Present Value of Future Benefits for Terminated Members ..... \$ 6,568,048

PRESENT VALUE OF FUTURE BENEFITS FOR PENSIONERS:

Regular Retirees by Option Selected:

Maximum.....	\$ 21,615,167
Option 1 .....	130,965
Option 2 .....	17,121,485
Option 3 .....	3,802,678
Option 4 .....	634,423

TOTAL Regular Retirees ..... \$ 43,304,718

TOTAL Disability Retirees ..... \$ 4,729,280

TOTAL Survivors & Widows ..... \$ 4,781,415

Reserve for Accrued Retiree DROP Account Balances ..... \$ 66,862

TOTAL Present Value of Future Benefits for Retirees & Survivors ..... \$ 52,882,275

TOTAL Present Value of Future Benefits..... \$ 262,377,028

**EXHIBIT XIV – SCHEDULE A  
PLAN B - MARKET VALUE OF ASSETS**

CURRENT ASSETS:

Cash in Banks .....	\$ 238,109
Contributions Receivable.....	1,663,175
Ad Valorem Taxes Receivable & Revenue Sharing.....	875,718
Accrued Interest and Dividends.....	45,367
Investments Receivable .....	21,382

TOTAL CURRENT ASSETS..... \$ 2,843,751

Property Plant & Equipment..... \$ 109,418

Deposits ..... \$ 2

INVESTMENTS:

Common Trust Funds .....	\$ 73,678,583
Foreign Equity Fund .....	31,987,968
Common Stocks .....	27,902,649
Foreign Fixed Income .....	12,208,523
Bond Funds .....	6,051,932
Hedge Funds .....	4,746,883
Cash Equivalents.....	2,785,830
Government Bonds .....	2,400,172
Government Agency Bonds.....	1,994,429
Corporate Bonds .....	181,791

TOTAL INVESTMENTS..... \$ 163,938,760

TOTAL ASSETS ..... \$ 166,891,931

CURRENT LIABILITIES:

Due to Other Plans .....	\$ 587,762
Retirements Payable.....	478,507
Accounts Payable .....	93,749
Investments Payable.....	85,718
Refunds Payable.....	42,646

TOTAL CURRENT LIABILITIES ..... \$ 1,288,382

MARKET VALUE OF ASSETS..... \$ 165,603,549

**EXHIBIT XIV – SCHEDULE B  
PLAN B - ACTUARIAL VALUE OF ASSETS**

Excess (Shortfall) of invested income  
for current and previous 4 years:

Fiscal year 2011 .....	\$ (13,385,425)
Fiscal year 2010 .....	10,833,284
Fiscal year 2009 .....	14,683,472
Fiscal year 2008 .....	(47,079,799)
Fiscal year 2007 .....	277,887
 Total for five years .....	 \$ (34,670,581)

Deferral of excess (shortfall) of invested income:

Fiscal year 2011 (80%) .....	\$ (10,708,340)
Fiscal year 2010 (60%) .....	6,499,970
Fiscal year 2009 (40%) .....	5,873,389
Fiscal year 2008 (20%) .....	(9,415,960)
Fiscal year 2007 ( 0%) .....	<u>0</u>
 Total deferred for year .....	 \$ (7,750,941)

Market value of plan net assets, end of year..... \$ 165,603,549

Preliminary actuarial value of plan assets, end of year ..... \$ 173,354,490

Actuarial value of assets corridor

85% of market value, end of year .....	\$ 140,763,017
115% of market value, end of year .....	\$ 190,444,081

Final actuarial value of plan net assets, end of year ..... \$ 173,354,490

**EXHIBIT XV**  
**PLAN B: PRESENT VALUE OF FUTURE CONTRIBUTIONS**

Employee Contributions to the Annuity Savings Fund .....	\$	18,084,026
Employer Normal Contributions to the Pension Accumulation Fund.....		71,951,379
Funding Deposit Account Credit Balance .....		(1,012,867)
 TOTAL PRESENT VALUE OF FUTURE CONTRIBUTIONS .....	 \$	 89,022,538

**EXHIBIT XVI**  
**PLAN B: RECONCILIATION OF CONTRIBUTIONS**

Employer Normal Cost for Prior Year.....	\$8,123,995	
Interest on Normal Cost.....	609,300	
Administrative Expenses .....	174,059	
Interest on Expenses .....	6,409	
 TOTAL Interest Adjusted Actuarially Required Contributions .....	 \$	 8,913,763
 Direct Employer Contributions.....	 \$ 8,288,333	
Interest on Employer Contributions.....	305,194	
Ad Valorem Taxes and Revenue Sharing Funds .....	938,780	
Interest on Taxes and Revenue Sharing Funds.....	34,568	
 TOTAL Interest Adjusted Employer Contributions .....	 \$	 9,566,875
 Contribution Shortfall (Surplus).....	 \$	 (653,112)

**EXHIBIT XVII**  
**PLAN B: ANALYSIS OF INCREASE IN ASSETS**

Actuarial Value of Assets (December 31, 2010) .....	\$	163,075,793
<b>INCOME:</b>		
Employer Contributions .....	\$	8,288,333
Member Contributions .....		2,435,044
Purchases and Transfers of Service Credit.....		155,797
Ad Valorem Taxes .....		917,773
Revenue Sharing.....		21,007
Irregular Contributions .....		8,136
Total Contributions .....	\$	11,826,090
Net Depreciation in Fair Value of Investments .....	\$(2,422,000)	
Interest & Dividends.....		2,007,584
Class Action Settlement.....		2,040
Investment Expense .....		(659,438)
Net Investment Income .....	\$	(1,071,814)
TOTAL Income .....	\$	10,754,276
<b>EXPENSES:</b>		
Retirement Benefits .....	\$	5,541,081
DROP Disbursements.....		586,486
Refunds of Contributions.....		467,714
Administrative Expenses .....		169,668
Transfer to Plan A.....		100,255
Funds Transferred to another System .....		57,293
Depreciation.....		4,391
TOTAL Expenses .....	\$	6,926,888
Net Market Value Income for Fiscal 2011 (Income - Expenses) .....	\$	3,827,388
Unadjusted Fund Balance as of December 31, 2011 (Fund Balance Previous Year + Net Income).....	\$	166,903,181
Adjustment for Actuarial Smoothing.....	\$	6,451,309
Actuarial Value of Assets (December 31, 2011) .....	\$	173,354,490

**EXHIBIT XVIII  
PLAN B: FUND BALANCES**

PRESENT ASSETS OF THE SYSTEM CREDITABLE TO:

Annuity Savings Fund .....	\$	17,685,253
Annuity Reserve Fund .....		52,815,413
Pension Accumulation Account .....		91,930,229
Deferred Retirement Option Plan Account.....		2,159,787
Funding Deposit Account .....		1,012,867
NET MARKET VALUE OF ASSETS .....	\$	165,603,549
ADJUSTMENT FOR ACTUARIAL SMOOTHING .....		7,750,941
ACTUARIAL VALUE OF ASSETS .....	\$	173,354,490

**EXHIBIT XIX – Schedule A  
PLAN B: PENSION BENEFIT OBLIGATION**

Present Value of Credited Projected Benefits Payable to Current Employees.....	\$	123,476,792
Present Value of Benefits Payable to Terminated Employees .....		6,568,048
Present Value of Benefits Payable to Current Retirees and Beneficiaries .....		52,882,275
TOTAL PENSION BENEFIT OBLIGATION .....	\$	182,927,115
NET ACTUARIAL VALUE OF ASSETS .....	\$	173,354,490
Ratio of Net Actuarial Value of Assets to Pension Benefit Obligation.....		94.77%

**EXHIBIT XIX – Schedule B  
ENTRY AGE NORMAL ACCRUED LIABILITIES**

Accrued Liability for Active Employees .....	\$	139,512,569
Accrued Liability for Terminated Employees .....		6,568,048
Accrued Liability for Current Retirees and Beneficiaries .....		52,882,275
TOTAL ENTRY AGE NORMAL ACCRUED LIABILITY .....	\$	198,962,892
NET ACTUARIAL VALUE OF ASSETS.....	\$	173,354,490
Ratio of Net Actuarial Value of Assets to Entry Age Normal Accrued Liability .....		87.13%

**EXHIBIT XX**  
**PLAN B: COST OF LIVING ADJUSTMENTS - TARGET RATIO**

Actuarial Value of Assets Divided by PBO as of 1986:.....		100.23%
Amortization of Unfunded Balance over 30 years: .....		-0.19%
Adjustments in Funded Ratio Due to Mergers or Changes in Methods or Assumption(s):		
Changes for Fiscal 1987.....	13.61%	
Changes for Fiscal 1988.....	-3.15%	
Changes for Fiscal 1989.....	0.13%	
Changes for Fiscal 1990.....	-3.81%	
Changes for Fiscal 1995.....	-3.33%	
Changes for Fiscal 1997.....	4.20%	
Changes for Fiscal 1998.....	-3.43%	
Changes for Fiscal 1999.....	-3.95%	
Changes for Fiscal 2001.....	-0.11%	
Changes for Fiscal 2003.....	-0.23%	
Changes for Fiscal 2005.....	-3.19%	
Changes for Fiscal 2006.....	-0.65%	
Changes for Fiscal 2007.....	-0.58%	
Changes for Fiscal 2008.....	10.41%	
Changes for Fiscal 2010.....	-1.78%	
 TOTAL Adjustments.....		 4.14%
Amortization of Adjustments in Funded Ratio over 30 years:		
Changes for Fiscal 1987.....	-10.89%	
Changes for Fiscal 1988.....	2.42%	
Changes for Fiscal 1989.....	-0.10%	
Changes for Fiscal 1990.....	2.67%	
Changes for Fiscal 1995.....	1.78%	
Changes for Fiscal 1997.....	-1.96%	
Changes for Fiscal 1998.....	1.49%	
Changes for Fiscal 1999.....	1.58%	
Changes for Fiscal 2001.....	0.04%	
Changes for Fiscal 2003.....	0.06%	
Changes for Fiscal 2005.....	0.64%	
Changes for Fiscal 2006.....	0.11%	
Changes for Fiscal 2007.....	0.08%	
Changes for Fiscal 2008.....	-1.04%	
Changes for Fiscal 2010.....	0.06%	
 TOTAL Amortization of Adjustments .....		 -3.06%
Target Ratio for Current Fiscal Year (Not more than 100%).....		100.00%
Actuarial Value of Assets Divided by PBO as of 2011.....		94.77%

**EXHIBIT XXI**  
**CENSUS DATA - PLAN B**

	<b>Active</b>	<b>Terminated with Funds on Deposit</b>	<b>DROP</b>	<b>Retired</b>	<b>Total</b>
Number of members as of December 31, 2010	2,275	1,555	38	576	4,444
Additions to Census					
Initial membership	253	17			270
Omitted in error last year				2	2
Death of Another Member				7	7
Change in Status during Year					
Actives terminating service	(85)	85			
Actives who retired	(33)			33	
Actives entering DROP	(17)		17		
Term. members rehired	7	(7)			
Term. members who retire		(6)		6	
Retirees who are rehired	1			(1)	
Refunded who are rehired	1				1
DROP participants retiring			(6)	6	
DROP returned to work	7		(7)		
Omitted in error last year					
Eliminated from Census					
Refund of contributions	(139)	(43)			(182)
Deaths	(9)	(1)		(19)	(29)
Included in error last year					
Adjustment for multiple records				1	1
Number of members as of December 31, 2011	2,261	1,600	42	611	4,514

**PLAN B - ACTIVES CENSUS BY AGE:**

Age	Number Male	Number Female	Total Number	Average Salary	Total Salary
16 - 20	12	3	15	25,806	387,086
21 - 25	58	56	114	25,979	2,961,552
26 - 30	94	123	217	32,576	7,068,935
31 - 35	86	102	188	34,003	6,392,479
36 - 40	107	129	236	37,311	8,805,438
41 - 45	106	172	278	37,170	10,333,226
46 - 50	158	160	318	37,745	12,002,805
51 - 55	180	148	328	38,473	12,619,033
56 - 60	167	137	304	39,061	11,874,442
61 - 65	112	89	201	39,598	7,959,119
66 - 70	43	27	70	38,370	2,685,918
71 - 75	17	9	26	36,658	953,095
76 - 80	7	1	8	24,259	194,074
<b>TOTAL</b>	<b>1,147</b>	<b>1,156</b>	<b>2,303</b>	<b>36,577</b>	<b>84,237,202</b>

THE ACTIVE CENSUS INCLUDES 1,063 ACTIVES WITH VESTED BENEFITS, INCLUDING 42 DROP PARTICIPANTS AND 26 ACTIVE FORMER DROP PARTICIPANTS.

**PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:**

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	2	2	4	8,126	32,503
36 - 40	2	2	4	6,958	27,833
41 - 45	5	16	21	9,359	196,529
46 - 50	11	10	21	10,076	211,588
51 - 55	20	20	40	7,775	311,008
56 - 60	7	17	24	9,537	228,892
61 - 65	5	5	10	4,842	48,416
66 - 70	1	1	2	4,114	8,228
71 - 75	1	1	2	1,458	2,916
76 - 80	1	0	1	3,430	3,430
<b>TOTAL</b>	<b>55</b>	<b>74</b>	<b>129</b>	<b>8,305</b>	<b>1,071,343</b>

**PLAN B - TERMINATED MEMBERS DUE A REFUND OF CONTRIBUTIONS:**

Contributions Ranging		Number	Total Contributions
From	To		
0	- 99	1,031	25,205
100	- 499	228	55,015
500	- 999	66	46,545
1000	- 1999	50	72,776
2000	- 4999	72	222,143
5000	- 9999	22	140,680
10000	- 19999	2	30,142
<b>TOTAL</b>		<b>1,471</b>	<b>592,506</b>

PLAN B - REGULAR RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
56 - 60	6	3	9	23,020	207,176
61 - 65	46	37	83	14,688	1,219,127
66 - 70	57	47	104	10,446	1,086,337
71 - 75	71	40	111	8,725	968,432
76 - 80	43	39	82	8,314	681,736
81 - 85	22	26	48	7,280	349,461
86 - 90	5	23	28	6,974	195,278
91 - 99	3	9	12	7,219	86,627
<b>TOTAL</b>	<b>253</b>	<b>224</b>	<b>477</b>	<b>10,051</b>	<b>4,794,174</b>

PLAN B - DISABILITY RETIREES:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
36 - 40	1	0	1	5,293	5,293
46 - 50	2	0	2	6,153	12,306
51 - 55	5	3	8	9,858	78,862
56 - 60	16	5	21	6,385	134,080
61 - 65	14	5	19	8,139	154,633
66 - 70	6	4	10	4,870	48,697
71 - 75	2	0	2	10,862	21,724
<b>TOTAL</b>	<b>46</b>	<b>17</b>	<b>63</b>	<b>7,232</b>	<b>455,595</b>

PLAN B - SURVIVORS:

Age	Number Male	Number Female	Total Number	Average Benefit	Total Benefit
31 - 35	0	2	2	7,785	15,569
51 - 55	1	5	6	10,919	65,514
56 - 60	0	8	8	9,278	74,226
61 - 65	0	10	10	10,224	102,241
66 - 70	0	15	15	7,231	108,465
71 - 75	0	14	14	4,609	64,523
76 - 80	0	7	7	4,828	33,798
81 - 85	0	5	5	4,258	21,289
86 - 90	1	1	2	1,885	3,770
91 - 99	0	2	2	3,435	6,869
<b>TOTAL</b>	<b>2</b>	<b>69</b>	<b>71</b>	<b>6,990</b>	<b>496,264</b>

PLAN B - ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 20	10	4	1										15
21 - 25	45	31	21	7	9	1							114
26 - 30	49	38	34	26	24	44	2						217
31 - 35	33	25	17	26	18	18	25						188
36 - 40	27	28	19	33	18	53	42	14					236
41 - 45	18	16	28	25	19	67	56	28	2				278
46 - 50	28	22	31	24	21	58	52	26	19	2			318
51 - 55	21	16	21	24	21	63	46	31	23	25	8		328
56 - 60	12	13	18	20	15	68	63	33	35	26	24		304
61 - 65	3	5	12	20	11	52	36	19	21	21	20		201
66 - 70	4		3	4	4	15	11	13	17	13	13		70
71 & Over	2		4	4	4	5	5	11	10	3	4		34
Totals	252	198	205	213	160	470	338	175	129	91	72		2303

PLAN B - AVERAGE ANNUAL SALARY OF ACTIVE MEMBERS:

Attained Ages	Completed Years of Service											Average Salary	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 20	22,741	33,009	27,639										25,806
21 - 25	24,746	28,082	23,946	24,839	27,873	49,881							25,979
26 - 30	32,333	29,283	30,338	40,188	31,860	33,871	20,260						32,576
31 - 35	37,172	35,158	32,628	33,191	33,285	32,126	34,262						34,003
36 - 40	30,093	30,246	34,087	43,776	30,556	42,171	37,733	40,830	56,160				37,311
41 - 45	40,444	28,627	31,236	37,968	38,969	37,304	36,485	42,750	40,683	35,259			37,170
46 - 50	28,002	34,861	33,509	29,886	33,844	40,369	38,328	41,797	45,246	47,421	42,211		37,745
51 - 55	26,459	36,448	35,753	41,847	47,345	35,910	36,053	36,240	40,610	46,246	44,286		38,473
56 - 60	29,083	29,335	38,127	35,765	35,154	38,489	38,847	42,136	38,474	45,272	50,073		39,061
61 - 65	37,873	26,682	34,855	49,102	31,795	39,231	35,719	43,974	42,190	36,371	46,970		39,598
66 - 70	39,243		40,847	37,623	29,860	33,782	44,195	40,800	37,890	24,483	53,619		38,370
71 & Over	31,604			42,673	27,385	27,385	39,946	34,555	43,495	23,970	21,386		33,740
Average	30,615	31,132	32,466	38,571	35,041	37,432	37,265	40,659	41,383	43,730	45,264		36,577

PLAN B - TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35												2	4
36 - 40									3	1			4
41 - 45								17	4				21
46 - 50							18	3					21
51 - 55	1						12						40
56 - 60	1	7	4	4	3	27							24
61 - 65	5	2	2		1	5							10
66 - 70	2												2
71 - 75	2												2
76 - 80	1												1
81 & Over													0
Totals	12	9	6	4	4	32	30	20	7	3	2		129

PLAN B - AVERAGE ANNUAL BENEFITS OF TERMINATED MEMBERS DUE A DEFERRED RETIREMENT BENEFIT:

Attained Ages	Years Until Retirement Eligibility											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35												6,013	8,126
36 - 40									7,546	5,195			6,958
41 - 45								10,460	4,678				9,359
46 - 50							10,822	5,598					10,076
51 - 55	7,540					8,450	6,276						7,775
56 - 60	9,542	8,949	8,983	11,215	14,225	6,649							9,537
61 - 65	4,187	7,088	3,364		6,575								4,842
66 - 70	4,114												4,114
71 - 75	1,458												1,458
76 - 80	3,430												3,430
81 & Over													0
Average	4,383	8,535	7,110	11,215	12,312	8,169	9,004	9,731	5,907	5,740	10,238		8,305

PLAN B - SERVICE RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 55												0
56 - 60	3	2	2	1		1						9
61 - 65	25	17	14	5	8	11	3					83
66 - 70	10	7	8	17	9	50	3					104
71 - 75	3	1	6	6	7	46	36	6				111
76 - 80			2	2		16	35	21	4	1		82
81 - 85	1	1				5	2	19	19		1	48
86 - 90	1							3	14	10		28
91 & Over									3	5	4	12
Totals	43	28	32	32	24	129	79	49	40	16	5	477

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SERVICE RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 55												0
56 - 60	18,482	28,027	24,525	12,336		34,291						23,020
61 - 65	12,650	13,055	14,384	14,450	17,478	22,949	5,018					14,688
66 - 70	8,180	11,807	12,488	9,853	10,153	10,472	13,167					10,446
71 - 75	6,022	26,609	8,319	5,207	9,395	7,397	11,026	6,609				8,725
76 - 80			7,788	14,555		7,634	8,202	7,332	10,805	16,080		8,314
81 - 85	3,292	8,386				7,628	8,022	6,409	8,427		1,727	7,280
86 - 90	11,625							9,511	8,025	4,277		6,974
91 & Over									4,731	10,795	4,615	7,219
Average	11,313	14,130	12,994	10,219	12,373	10,162	9,552	7,019	8,247	7,051	4,037	10,051

PLAN B - DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Total
0 - 35												0
36 - 40						1						1
41 - 45												0
46 - 50						2						2
51 - 55		2			1	3	1	1				8
56 - 60		3	1		5	8	4					21
61 - 65	1		1	1	1	11	2	2				19
66 - 70		1			1	7		1				10
71 - 75							2					2
76 & Over												0
Totals	1	6	2	1	8	32	9	4	0	0	0	63

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO DISABILITY RETIREES:

Completed Years Since Retirement

Attained Ages	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over	Average Benefit
0 - 35												0
36 - 40						5,293						5,293
41 - 45												0
46 - 50						6,153						6,153
51 - 55		14,035			21,287	6,321	4,273	6,270				9,858
56 - 60		8,147	4,552		5,963	7,063	4,691					6,385
61 - 65	5,554		13,100	7,303	4,575	8,487	6,471	8,904				8,139
66 - 70		3,147			4,359	5,173		4,980				4,870
71 - 75							10,862					10,862
76 & Over												0
Average	5,554	9,276	8,826	7,303	7,505	6,957	6,411	7,264	0	0	0	7,232

PLAN B - SURVIVING BENEFICIARIES OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	Completed Years Since Retirement											Total	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35						1	1						2
36 - 40													0
41 - 45													0
46 - 50													0
51 - 55	1					4		1					6
56 - 60	1				2	2	3						8
61 - 65					1	5	3	1					10
66 - 70			2		2	7	2	2					15
71 - 75			1		1	2	6	2	1		1		14
76 - 80						2	1	3	1				7
81 - 85						2	1		2	1	1		5
86 - 90									1	1	1		2
91 & Over										1	1		2
Totals	2	0	1	2	6	23	17	9	5	3	3		71

PLAN B - AVERAGE ANNUAL BENEFITS PAYABLE TO SURVIVORS OF FORMER MEMBERS:

Completed Years Since Retirement

Attained Ages	Completed Years Since Retirement											Average Benefit	
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30&Over		
0 - 30													0
31 - 35						12,078	3,490						7,784
36 - 40													0
41 - 45													0
46 - 50													0
51 - 55	26,422					7,884		7,556					10,919
56 - 60	7,070				17,218	5,740	7,080						9,278
61 - 65					9,209	13,095	7,963	3,669					10,224
66 - 70				6,358	4,333	9,489	8,417	1,912					7,231
71 - 75		1,455			3,008	4,889	4,979	4,542	9,711		1,612		4,609
76 - 80						7,990	4,383	3,972	1,518				4,828
81 - 85							1,832		3,623	10,347	1,865		4,258
86 - 90									3,384	386			1,885
91 & Over										4,077	2,792		3,435
Average	16,746	0	1,455	6,358	9,220	9,250	5,973	4,006	4,372	4,937	2,090		6,990

**EXHIBIT XXII**  
**PLAN B: YEAR-TO-YEAR COMPARISON**

	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008
Number of Active Members	2,303	2,313	2,290	2,194
Number of Retirees & Survivors	611	576	560	548
Number of Terminated Due Deferred Benefits	129	125	118	108
Number Terminated Due Refunds	1,471	1,430	1,426	1,410
Active Lives Payroll	\$ 84,237,202	\$ 81,999,193	\$ 79,373,895	\$ 74,891,671
Retiree Benefits in Payment	\$ 5,746,033	\$ 5,349,314	\$ 4,986,096	\$ 4,744,664
Market Value of Assets	\$ 165,603,549	\$ 161,776,161	\$ 134,940,283	\$ 109,749,342
Actuarial Value of Assets	\$ 173,354,490	\$ 163,075,793	\$ 150,446,497	\$ 136,139,102
Present Value of Future Employer Normal Cost	\$ 71,951,379	\$ 67,556,191	\$ 60,488,525	\$ 63,985,978
Present Value of Future Employee Contrib.	\$ 18,084,026	\$ 17,527,008	\$ 16,221,775	\$ 15,422,566
Funding Deposit Account Credit Balance	\$ 1,012,867	\$ 334,656	\$ 311,308	\$ 289,589
Present Value of Future Benefits	\$ 262,377,028	\$ 247,824,336	\$ 226,845,489	\$ 215,258,057

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	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Employee Contribution Rate	3.00%	3.00%	3.00%	3.00%
Projected Tax Contribution as % of Payroll	1.09%	1.05%	1.13%	1.13%
Actuarially Required Net Direct Employer Contribution Rate	9.31%	9.07%	8.60%	9.56%
Actual Employer Contribution Rate	10.00%	10.00%	10.00%	6.25%

Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003	Fiscal 2002
2,030	1,990	1,970	2,062	2,189	2,122
530	508	486	461	417	404
97	98	91	69	64	64
1,353	1,369	1,298	1,243	1,182	1,199
\$ 62,859,807	\$ 59,155,664	\$ 54,810,437	\$ 54,325,541	\$ 54,823,785	\$ 52,863,764
\$ 4,400,123	\$ 4,029,570	\$ 3,588,698	\$ 3,313,829	\$ 2,898,810	\$ 2,704,346
\$ 144,163,791	\$ 132,695,110	\$ 117,661,283	\$ 110,700,198	\$ 99,612,361	\$ 85,214,085
\$ 141,756,387	\$ 123,781,772	\$ 111,443,610	\$ 99,526,756	\$ 90,234,749	\$ 84,572,863
\$ 36,302,827	\$ 30,194,074	\$ 30,452,448	\$ 30,454,650	\$ 31,528,445	\$ 28,501,122
\$ 13,275,174	\$ 12,440,078	\$ 11,815,922	\$ 12,600,693	\$ 12,689,583	\$ 12,282,205
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
\$ 191,334,388	\$ 166,415,924	\$ 153,711,980	\$ 142,582,099	\$ 134,452,777	\$ 125,356,190

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Fiscal 2008	Fiscal 2007	Fiscal 2006	Fiscal 2005	Fiscal 2004	Fiscal 2003
3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
1.11%	1.05%	1.03%	1.00%	0.95%	0.96%
6.13%	5.39%	5.90%	5.45%	5.61%	5.18%
6.00%	6.00%	5.75%	5.75%	5.25%	3.75%

## **SUMMARY OF PRINCIPAL PLAN PROVISIONS**

All members of the Parochial Employees' Retirement System are participants in either Plan A or Plan B according to the provisions of the agreement entered into by their employer. All employees of a participating employer must participate in the same plan. The principal provisions of each plan are given below. The following summary of plan provisions is for general informational purposes only and does not constitute a guarantee of benefits.

### **PLAN A:**

**CONTRIBUTION RATES** - The Plan A fund is financed by employee contributions at a rate determined by the Board subject to the statutory range of 8% through 11% of each member's earnings and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. In addition, each sheriff and ex-officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish, excepting Orleans Parish and East Baton Rouge Parish, and remits the money to the system on an annual basis. The system also receives revenue sharing funds each year as appropriated by the legislature. In any fiscal year in which employer contribution rate as actuarially determined is scheduled to decrease, the Board of Trustees may elect to maintain the existing rate or any rate between the existing and minimum rates.

**RETIREMENT BENEFITS** – Members hired on or before December 31, 2006, with seven years of creditable service may retire at age sixty-five; ten years of creditable service may retire at age sixty; members with twenty-five years of service may retire at age fifty-five; members with thirty years of service may retire regardless of age. Members hired on or after January 1, 2007, with seven years of creditable service may retire at age sixty-seven; ten years of creditable service may retire at age sixty-two; members with thirty years of service may retire at age fifty-five. The retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes. The retirement allowance may not exceed the greater of one hundred percent of member's final salary or final compensation.

**DISABILITY BENEFITS** - Five years of creditable service are required in order to be eligible for disability benefits for members hired on or before December 31, 2006. Seven years of creditable service are required in order to be eligible for disability benefits for members hired on or after January 1, 2007. Disabled members receive a normal retirement allowance if eligible. Otherwise, the member receives the lesser of three percent of compensation multiplied by his years of service, not to be less than fifteen years, or the accrual percentage as defined for retirement benefits multiplied by final compensation multiplied by years of service assuming continued service to age sixty for members hired on or before December 31, 2006 or age sixty-two for members hired on or after January 1, 2007.

**SURVIVOR BENEFITS** - Five years of creditable service is required in order to be eligible for survivor benefits. If a member is eligible for normal retirement at the time of death, the surviving

spouse receives an automatic option 2 benefit. If the member was not eligible for a normal retirement, the surviving unmarried spouse with minor children receives sixty percent of final compensation. If the member was not eligible for a normal retirement, the surviving unmarried spouse with no minor children receives forty percent of final compensation payable upon the attainment of age sixty by the spouse, or upon becoming disabled. Minor children with no unmarried spouse receive thirty percent of final compensation each, not to exceed a total of sixty percent of final compensation.

**CONTRIBUTION REFUNDS** - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system. If a member receives a refund of contributions and is subsequently rehired on or after January 1, 2007, the provisions applicable to members initially hired on or after January 1, 2007 will apply.

**PLAN B:**

**CONTRIBUTION RATES** - The Plan B fund is financed by employee contributions at a rate determined by the Board subject to the statutory range of 3% through 5% of each member's earnings and employer contributions as determined by the Public Retirement Systems' Actuarial Committee. In addition, each sheriff and ex officio tax collector deducts one-fourth of one percent of the aggregate amount of the tax shown to be collected by the tax roll of each respective parish excepting, Orleans Parish and East Baton Rouge Parish, and remits the money to the system on an annual basis. The system also receives revenue sharing funds each year as appropriated by the legislature. In any fiscal year in which the employer contribution rate as actuarially determined is scheduled to decrease, the Board of Trustees may elect to maintain the existing rate or any rate between the existing and minimum rates.

**RETIREMENT BENEFITS:** - Members hired on or before December 31, 2006, with seven years of creditable service may retire at age sixty-five; ten years of creditable service may retire at age sixty; members with thirty years of service may retire at age fifty-five. Members hired on or after January 1, 2007, with seven years of creditable service may retire at age sixty-seven; ten years of creditable service may retire at age sixty-two; members with thirty years of service may retire at age fifty-five. The retirement allowance is equal to two percent of the member's final compensation multiplied by the years of creditable service. All accumulated annual leave for which payment cannot be made in accordance with law and all unused sick leave accumulated at the time of retirement is included in the member's creditable service for retirement computation purposes.

**DISABILITY BENEFITS** - Five years of creditable service is required in order to be eligible for disability benefits for members hired on or before December 31, 2006. Seven years of creditable service is required in order to be eligible for disability benefits for members hired on or after January 1, 2007. Disabled members receive a normal retirement allowance, if eligible. Otherwise, the member receives the lesser of two percent of compensation multiplied by the years of service, not to be less than fifteen years, or two percent of final compensation multiplied by the years of service assuming continued service to age sixty for members hired on or before December 31, 2006 or age sixty-two for members hired on or after January 1, 2007.

**SURVIVOR BENEFITS** - The surviving spouse of a member who was eligible for normal retirement at the time of death receives an automatic option 2 benefit. The surviving spouse of a member with ten

or more years of creditable service and not eligible for normal retirement at the time of death receives an option 2 benefit payable at attainment of age fifty by the spouse.

**CONTRIBUTION REFUNDS** - Upon withdrawal from service, members not entitled to a retirement allowance are paid a refund of accumulated contributions upon request. Receipt of such a refund cancels all accrued rights in the system. If a member receives a refund of contributions and is subsequently rehired on or after January 1, 2007, the provisions applicable to members initially hired on or after January 1, 2007 will apply.

**DEFERRED RETIREMENT OPTION PLAN:**

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or Plan B who is eligible for a normal retirement may elect to participate in the Deferred Retirement Option Plan (DROP) for up to three years and defer the receipt of benefits. In terms of DROP eligibility, any member whose service, when combined with service in any other state or statewide public retirement system exceeds thirty years will be eligible to include reciprocally recognized service credit. Upon commencement of participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would have been payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. This fund does earn interest once the member terminates participation in DROP but continues their employment. The interest rate is based upon the rate of return of a short-term U.S. Treasury security, a group of short-term U.S. Treasury Securities, or an index of short-term U.S. Treasury securities to be selected by the board of trustees. This interest is to be credited to the individual's account balance on an annual basis. Additionally, no cost-of-living increases are payable to the participants until employment which made them eligible to become members of the system has been terminated for at least one full year. Upon termination of employment prior to, or at the end of, the specified period of participation, a participant in the plan may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. The monthly benefits that were being paid into the Deferred Retirement Option Plan fund will begin to be paid to the retiree. If a participant dies during the participation in the plan, a lump sum equal to his account balance in the plan fund shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the plan fund cease and the person resumes active contributing membership in the system. Additional accrued benefits are based on final average compensation used to calculate the member's original benefit unless the additional period of service is at least thirty-six months for those individuals hired on or before December 31, 2006; or at least sixty months for those individuals hired on or after January 1, 2007.

## ACTUARIAL ASSUMPTIONS

In determining actuarial costs, certain assumptions must be made regarding future experience under the plan. These assumptions include the rate of investment return, mortality of plan members, rates of salary increase, rates of retirement, rates of termination, rates of disability, and various other factors that have an impact on the cost of the plan. To the extent that future experience varies from the assumptions selected for valuation, future costs will be either higher or lower than anticipated. The following chart illustrates the effect of emerging experience on the plan.

<u>Factor</u>	<u>Increase in Factor Results in</u>
Investment Earnings Rate	Decrease in Cost
Annual Rate of Salary Increase	Increase in Cost
Rates of Retirement	Increase in Cost
Rates of Termination	Decrease in Cost
Rates of Disability	Increase in Cost
Rates of Mortality	Decrease in Cost

The following assumptions apply to both Plan A and Plan B unless stated otherwise.

**ACTUARIAL COST METHOD:** Plan A: Frozen Attained Age Normal Actuarial Method with allocation based on earnings. The normal cost is interest adjusted for midyear payment. The normal costs are calculated by aggregating present values of benefits and salaries for active members. The frozen actuarial accrued liability was calculated on the Projected Unit Credit Cost Method.

Plan B: The Aggregate Actuarial Cost Method with allocation based on earnings. The normal cost is interest adjusted for midyear payment.

**ACTUARIAL ASSET VALUES:** Invested assets are valued at market value adjusted to defer four-fifths of all earnings above or below the valuation interest rate in the valuation year, three-fifths of all earnings above or below the valuation interest rate in the prior year, two-fifths of all earnings above or below the valuation interest rate from two years prior, and one-fifth of all earnings above or below the valuation interest rate from three years prior. The resulting smoothed values are subject to a corridor of 85% to 115% of the market value of assets. If the smoothed value falls outside the corridor, the actuarial value is set equal to the average of the corridor limit and the smoothed value.

**VALUATION INTEREST RATE:** 7.50%

**ANNUAL SALARY INCREASE RATE:** 5.75% (2.50% Merit /3.25% Inflation)

ANNUITANT, BENEFICIARY AND  
ACTIVE MORTALITY

RP2000 Combined Healthy table set back 1 year for males and RP2000 Combined Healthy Female Table for females.

RETIREE COST OF LIVING INCREASE:

The present value of future retirement benefits is based on benefits currently being paid by the system and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

RATES OF RETIREMENT:

The table of these rates is included later in the report. All eligible persons age 80 and over in both plans are assumed to retire immediately. These rates apply only to those individuals eligible to retire. Rates are multiplied by a constant of 2 in the first year in which members become eligible for retirement.

RATES OF WITHDRAWAL:

The rates of withdrawal are applied based upon completed years of service:

PLAN A:	Service	Factor	Service	Factor
	<1	0.25	11	0.04
	1	0.21	12	0.03
	2	0.15	13	0.03
	3	0.12	14	0.02
	4	0.10	15	0.02
	5	0.09	16	0.02
	6	0.08	17	0.02
	7	0.07	18	0.02
	8	0.06	19	0.02
	9	0.05	>19	0.01
	10	0.04		
PLAN B:	Service	Factor	Service	Factor
	<1	0.23	10	0.06
	1	0.20	11	0.06
	2	0.16	12	0.06
	3	0.15	13	0.06
	4	0.11	14	0.06
	5	0.10	15	0.03
	6	0.08	16	0.03
	7	0.08	17	0.03
	8	0.08	>17	0.01
	9	0.06		

Note: The withdrawal rate for individuals eligible to retire is assumed to be zero.

MARRIAGE STATISTICS: 80% of the members are assumed to be married; husbands are assumed to be three years older than wives.

FAMILY STATISTICS: Assumptions used in determining the cost of various survivor benefits are listed below:

Age at Death	% with Children	# of Children	Average Age
25	62%	1.7	6
35	82%	2.1	10
45	66%	1.8	13
55	19%	1.4	15
65	2%	1.4	15

DISABLED LIVES MORTALITY: RP-2000 Disabled Lives Mortality Tables for Males and Females

VESTING ELECTING PERCENTAGE: The percent of those vested who elect deferred benefits in lieu of contribution refunds are as follows:

Plan A:	Under Age 30:	35%
	Age 30 – 39:	40%
	Age 40 – 49:	45%
	Above Age 49:	65%
Plan B:	Under Age 40:	55%
	Age 40 – 49:	60%
	Above Age 49:	75%

SICK AND ANNUAL LEAVE: Retirees were assumed to convert one month of sick and annual leave to retirement credit for each ten years of service credit.

RATES OF DROP ENTRY: The table of these rates is included later in the report. These rates apply only to those individuals eligible to enter the DROP plan. Rates are multiplied by a constant in the first year in which a member becomes eligible to enter DROP. For members of Plan A who were first employed before January 1, 2007 and for members of Plan B this constant is 2. For members of Plan A who were first employed on or after January 1, 2007 the constant is 4.

DROP PARTICIPATION PERIOD: All DROP participants are assumed to participate for 3 years and to retire at the end of their DROP participation period.

**RETIREMENT RATES FOR ACTIVE  
FORMER DROP PARTICIPANTS:**

Retirement rates for active former DROP participants are 22% for Plan A and 21% for Plan B provided the member is below age 80. For members age 80 or over, the retirement rate is set at 100%.

**ACTUARIAL TABLES AND RATES**  
(For Participants Who Were First Hired Before January 1, 2007)

Age	Male Mortality Rates	Female Mortality Rates	Disability Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Remarriage Rates
18	0.00030	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
19	0.00032	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
20	0.00033	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05665
21	0.00035	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.05213
22	0.00036	0.00019	0.00045	0.00000	0.00000	0.00000	0.00000	0.04834
23	0.00037	0.00020	0.00045	0.00000	0.00000	0.00000	0.00000	0.04522
24	0.00037	0.00020	0.00045	0.00000	0.00000	0.00000	0.00000	0.04270
25	0.00038	0.00021	0.00045	0.00000	0.00000	0.00000	0.00000	0.04070
26	0.00038	0.00021	0.00045	0.00000	0.00000	0.00000	0.00000	0.03915
27	0.00038	0.00022	0.00045	0.00000	0.00000	0.00000	0.00000	0.03799
28	0.00038	0.00024	0.00045	0.00000	0.00000	0.00000	0.00000	0.03714
29	0.00039	0.00025	0.00045	0.00000	0.00000	0.00000	0.00000	0.03654
30	0.00041	0.00026	0.00045	0.00000	0.00000	0.00000	0.00000	0.03611
31	0.00044	0.00031	0.00045	0.00000	0.00000	0.00000	0.00000	0.03578
32	0.00050	0.00035	0.00045	0.00000	0.00000	0.00000	0.00000	0.03549
33	0.00056	0.00039	0.00045	0.00000	0.00000	0.00000	0.00000	0.03515
34	0.00063	0.00044	0.00045	0.00000	0.00000	0.00000	0.00000	0.03471
35	0.00070	0.00047	0.00051	0.00000	0.00000	0.00000	0.00000	0.03409
36	0.00077	0.00051	0.00057	0.00000	0.00000	0.00000	0.00000	0.03286
37	0.00084	0.00055	0.00063	0.00000	0.00000	0.00000	0.00000	0.03139
38	0.00090	0.00060	0.00072	0.00000	0.00000	0.00000	0.00000	0.02973
39	0.00096	0.00065	0.00081	0.00000	0.00000	0.00000	0.00000	0.02787
40	0.00102	0.00071	0.00093	0.00000	0.00000	0.00000	0.00000	0.02585
41	0.00108	0.00077	0.00105	0.00000	0.00000	0.00000	0.00000	0.02352
42	0.00114	0.00085	0.00117	0.00000	0.00000	0.00000	0.00000	0.02111
43	0.00122	0.00094	0.00132	0.00000	0.00000	0.00000	0.00000	0.01868
44	0.00130	0.00103	0.00150	0.00000	0.00000	0.00000	0.00000	0.01629
45	0.00140	0.00112	0.00171	0.00000	0.00000	0.00000	0.00000	0.01400
46	0.00151	0.00122	0.00195	0.20000	0.00000	0.35000	0.00000	0.01208
47	0.00162	0.00133	0.00219	0.20000	0.00000	0.35000	0.00000	0.01034
48	0.00173	0.00143	0.00249	0.20000	0.00000	0.35000	0.00000	0.00879
49	0.00186	0.00155	0.00282	0.20000	0.00000	0.35000	0.00000	0.00744
50	0.00200	0.00168	0.00321	0.20000	0.00000	0.35000	0.00000	0.00629
51	0.00214	0.00185	0.00366	0.20000	0.00000	0.35000	0.00000	0.00551
52	0.00245	0.00202	0.00414	0.20000	0.00000	0.35000	0.00000	0.00493
53	0.00267	0.00221	0.00471	0.11500	0.00000	0.35000	0.00000	0.00451
54	0.00292	0.00242	0.00534	0.11500	0.00000	0.35000	0.00000	0.00423
55	0.00320	0.00272	0.00606	0.11500	0.18000	0.35000	0.17000	0.00000
56	0.00362	0.00309	0.00690	0.11500	0.18000	0.22000	0.17000	0.00000
57	0.00420	0.00348	0.00783	0.11500	0.18000	0.22000	0.17000	0.00000
58	0.00469	0.00392	0.00888	0.11500	0.18000	0.22000	0.17000	0.00000
59	0.00527	0.00444	0.01011	0.11500	0.14000	0.22000	0.13500	0.00000
60	0.00595	0.00506	0.01464	0.11500	0.14000	0.22000	0.13500	0.00000
61	0.00675	0.00581	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
62	0.00768	0.00666	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
63	0.00876	0.00765	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
64	0.01001	0.00862	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000
65	0.01128	0.00971	0.01464	0.11500	0.14000	0.10000	0.13500	0.00000

**ACTUARIAL TABLES AND RATES**  
(For Participants Who Were First Hired On or After January 1, 2007)

Age	Male Mortality Rates	Female Mortality Rates	Disability Rates	Plan A Retirement Rates	Plan B Retirement Rates	Plan A DROP Entry Rates	Plan B DROP Entry Rates	Remarriage Rates
18	0.00030	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
19	0.00032	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
20	0.00033	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05665
21	0.00035	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.05213
22	0.00036	0.00019	0.00038	0.00000	0.00000	0.00000	0.00000	0.04834
23	0.00037	0.00020	0.00038	0.00000	0.00000	0.00000	0.00000	0.04522
24	0.00037	0.00020	0.00038	0.00000	0.00000	0.00000	0.00000	0.04270
25	0.00038	0.00021	0.00038	0.00000	0.00000	0.00000	0.00000	0.04070
26	0.00038	0.00021	0.00038	0.00000	0.00000	0.00000	0.00000	0.03915
27	0.00038	0.00022	0.00038	0.00000	0.00000	0.00000	0.00000	0.03799
28	0.00038	0.00024	0.00038	0.00000	0.00000	0.00000	0.00000	0.03714
29	0.00039	0.00025	0.00038	0.00000	0.00000	0.00000	0.00000	0.03654
30	0.00041	0.00026	0.00038	0.00000	0.00000	0.00000	0.00000	0.03611
31	0.00044	0.00031	0.00038	0.00000	0.00000	0.00000	0.00000	0.03578
32	0.00050	0.00035	0.00038	0.00000	0.00000	0.00000	0.00000	0.03549
33	0.00056	0.00039	0.00038	0.00000	0.00000	0.00000	0.00000	0.03515
34	0.00063	0.00044	0.00038	0.00000	0.00000	0.00000	0.00000	0.03471
35	0.00070	0.00047	0.00043	0.00000	0.00000	0.00000	0.00000	0.03409
36	0.00077	0.00051	0.00048	0.00000	0.00000	0.00000	0.00000	0.03286
37	0.00084	0.00055	0.00053	0.00000	0.00000	0.00000	0.00000	0.03139
38	0.00090	0.00060	0.00060	0.00000	0.00000	0.00000	0.00000	0.02973
39	0.00096	0.00065	0.00068	0.00000	0.00000	0.00000	0.00000	0.02787
40	0.00102	0.00071	0.00078	0.00000	0.00000	0.00000	0.00000	0.02585
41	0.00108	0.00077	0.00088	0.00000	0.00000	0.00000	0.00000	0.02352
42	0.00114	0.00085	0.00098	0.00000	0.00000	0.00000	0.00000	0.02111
43	0.00122	0.00094	0.00110	0.00000	0.00000	0.00000	0.00000	0.01868
44	0.00130	0.00103	0.00125	0.00000	0.00000	0.00000	0.00000	0.01629
45	0.00140	0.00112	0.00143	0.00000	0.00000	0.00000	0.00000	0.01400
46	0.00151	0.00122	0.00163	0.00000	0.00000	0.00000	0.00000	0.01208
47	0.00162	0.00133	0.00183	0.00000	0.00000	0.00000	0.00000	0.01034
48	0.00173	0.00143	0.00208	0.00000	0.00000	0.00000	0.00000	0.00879
49	0.00186	0.00155	0.00235	0.00000	0.00000	0.00000	0.00000	0.00744
50	0.00200	0.00168	0.00268	0.00000	0.00000	0.00000	0.00000	0.00629
51	0.00214	0.00185	0.00305	0.00000	0.00000	0.00000	0.00000	0.00551
52	0.00245	0.00202	0.00345	0.00000	0.00000	0.00000	0.00000	0.00493
53	0.00267	0.00221	0.00392	0.00000	0.00000	0.00000	0.00000	0.00451
54	0.00292	0.00242	0.00445	0.00000	0.00000	0.00000	0.00000	0.00423
55	0.00320	0.00272	0.00505	0.22800	0.22000	0.09600	0.19000	0.00000
56	0.00362	0.00309	0.00575	0.22800	0.22000	0.09600	0.19000	0.00000
57	0.00420	0.00348	0.00653	0.22800	0.22000	0.09600	0.19000	0.00000
58	0.00469	0.00392	0.00740	0.22800	0.22000	0.09600	0.19000	0.00000
59	0.00527	0.00444	0.00843	0.22800	0.22000	0.09600	0.19000	0.00000
60	0.00595	0.00506	0.01220	0.22800	0.22000	0.09600	0.19000	0.00000
61	0.00675	0.00581	0.01220	0.22800	0.22000	0.09600	0.19000	0.00000
62	0.00768	0.00666	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
63	0.00876	0.00765	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
64	0.01001	0.00862	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000
65	0.01128	0.00971	0.01220	0.19000	0.17000	0.08000	0.15000	0.00000

## GLOSSARY

**Accrued Benefit** – The pension benefit that an individual has earned as of a specific date based on the provisions of the plan and the individual's age, service, and salary as of that date.

**Actuarial Accrued Liability** – The actuarial present value of benefits payable to members of the fund less the present value of future normal costs attributable to the members.

**Actuarial Assumptions** - Assumptions as to the occurrence of future events affecting pension costs. These assumptions include rates of mortality, withdrawal, disablement, and retirement. Also included are rates of investment earnings, changes in compensation, as well as statistics related to marriage and family composition.

**Actuarial Cost Method** – A procedure for determining the portion of the cost of a pension plan to be allocated to each year. Each cost method allocates a certain portion of the actuarial present value of benefits between the actuarial accrued liability and future normal costs. Once this allocation is made, a determination of the normal cost attributable to a specific year can be made along with the payment to amortize any unfunded actuarial accrued liability. To the extent that a particular funding method allocates a greater (lesser) portion of the actual present value of benefits to the actuarial accrued liability it will allocate less (more) to future normal costs.

**Actuarial Equivalence** – Payments or receipts with equal actuarial value on a given date when valued using the same set of actuarial assumptions.

**Actuarial Gain (Loss)** – The financial effect on the fund of the difference between the expected and actual experience of the fund. The experience may be related to investment earnings above (or below) those expected or changes in the liability structure due to fewer (or greater) than the expected numbers of retirements, deaths, disabilities, or withdrawals. In addition, other factors such as pay increases above (or below) those forecast can result in actuarial gains or losses. The effect of such gains (or losses) is to decrease (or increase) future costs.

**Actuarial Present Value** - The value, as of a specified date, of an amount or series of amounts payable or receivable thereafter, with each amount adjusted to reflect the time value of money (through accrual of interest) and the probability of payments. For example: if \$600 invested today will be worth \$1,000 in 10 years and there is a 50% probability that a person will live 10 years, then the actuarial present value of \$1,000 payable to that person if he should survive 10 years is \$300.

**Actuarial Value of Assets** - The value of cash, investments, and other property belonging to the pension plan as used by the actuary for the purpose of the actuarial valuation. This may correspond to the book value, market value, or some modification involving either or both book and market value. Adjustments to market values are often made to reduce the volatility of asset values.

**Asset Gain (Loss)** - That portion of the actuarial gain attributable to investment performance above (below) the expected rate of return in the actuarial assumptions.

**Amortization Payment** - That portion of the pension plan contribution designated to pay interest and reduce the outstanding principal balance of unfunded actuarial accrued liability. If the amortization

payment is less than the accrued interest on the unfunded actuarial accrued liability the outstanding principal balance will increase.

**Contribution Shortfall (Excess)** - The difference between contributions recommended in the prior valuation and the actual amount received.

**Decrements** – Events which result in the termination of membership in the system such as retirement, disability, withdrawal, or death.

**Employer Normal Cost** - That portion of the normal cost not attributable to employee contributions. It includes both direct contributions made by the employer and contributions from other non-employee sources such as revenue sharing and revenues related to taxes.

**Funded Ratio** – A measure of the ratio of assets to liabilities of the system according to a specific definition of those two values. Typically the assets used in the measure are the actuarial value of assets; the liabilities are defined by reference to some recognized actuarial funding method. Thus the funded ratio of a plan depends not only on the financial strength of the plan but also on the funding method used to determine the liabilities and the asset valuation method used to determine the assets in the ratio.

**Normal Cost** - That portion of the actuarial present value of pension plan benefits and expenses allocated to a valuation year by the actuarial cost method. This is analogous to one year's insurance premium.

**Pension Benefit Obligation** - The actuarial present value of benefits earned or credited to date based on the members expected final average compensation at retirement. For current retirees or terminated members this is equivalent to the actuarial present value of their accrued benefit.

**Projected Benefits** – The benefits expected to be paid in the future based on the provisions of the plan and the actuarial assumptions. The projected values are based on anticipated future advancement in age and accrual of service as well as increases in salary paid to the participant.

**Unfunded Actuarial Accrued Liability** - The excess of the actuarial accrued liability over the actuarial value of assets.

**Vested Benefits** - Benefits that the members are entitled to even if they withdraw from service.

## NOTES